HECLA RECOMMENDS YOU VOTE AGAINST
THE RX GOLD ARRANGEMENT
AND ACCEPT HECLA'S ALL CASH OFFER
FOR YOUR U.S. SILVER SHARES AND WARRANTS

Dear U.S. Silver Securityholder:

On July 26, 2012, Hecla Mining Company (NYSE: HL), through Hecla Acquisition ULC, began an all-cash offer to purchase all of the outstanding common shares of U.S. Silver Corporation (TSX: USA; OTCQX: USSIF; DB Frankfurt: QE2) and all of the outstanding warrants of U.S. Silver Corporation (TSX: USA.WT) at a price of CDN$1.80 per share and CDN$0.205 per warrant in a transaction which values the equity of U.S. Silver subject to the Offer at approximately CDN$112 million (the "**Offer**"). The Offer represents a significant premium over U.S. Silver's recent share price and provides you, the U.S. Silver securityholders, with the liquidity and certainty of an all-cash offer.

For the reasons outlined below, we believe that the current transaction proposed by U.S. Silver with RX Gold & Silver Inc. fails to maximize value for you and is inferior to what you could receive in this all cash transaction with Hecla.

WE RECOMMEND THAT YOU VOTE AGAINST THE RX GOLD ARRANGEMENT AND ACCEPT OUR ALL CASH OFFER FOR YOUR U.S. SILVER COMMON SHARES AND WARRANTS.

In addition to failing to maximize securityholder value, we believe that the proposed transaction with RX Gold does not resolve the longer term capital raising needs of the combined company. We also note that the combined company will have a board and management dominated by RX Gold rather than U.S. Silver, despite it being contemplated that U.S. Silver shareholders will own 70% of the combined company. Hecla believes that its all-cash Offer is more beneficial to U.S. Silver shareholders and warrantholders and is superior to the proposed transaction with RX Gold for the following reasons:

Attractive Premium – We have made a full and fair offer for your U.S. Silver shares and warrants. Our Offer of CDN$1.80 per U.S. Silver common share represents a premium of over 23% of the closing price of the Common Shares of CDN$1.46 on July 24, 2012 and a premium of 30% over the 20-day volume-weighted average trading price of the Common Shares on the TSX as of July 24, 2012.

Liquidity and Certainty of Value – Our Offer is all cash, providing U.S. Silver securityholders with certainty of value and immediate liquidity.

Fully Financed Cash Offer – Our Offer is not subject to a financing condition. Hecla has sufficient cash to pay for all of U.S. Silver's outstanding common shares and warrants.

Imputed Value of RX Gold Arrangement – Our Offer of CDN$1.80 per share represents a premium of 28% to the imputed offer price of CDN$1.41 per share as of July 24, 2012 under the proposed RX Gold arrangement.

RX Gold's Assets - If U.S. Silver completed the RX Gold Arrangement, U.S. Silver securityholders will have been diluted by 30%, and for this cost will have acquired a small property currently without its final permit, which property is undergoing evaluation mining that might transition to commercial production, but only with significant permit and capital cost risk.

Avoidance of Dilution – If U.S. Silver completed the RX Gold arrangement, the combined entity will likely require substantial additional funds in the future to develop its projects. Additional equity financings, joint venture agreements or other transactions that are undertaken to raise funds could result in material dilution to existing U.S. Silver securityholders and/or a reduction in the percentage ownership of its properties.

Our preference was to acquire U.S. Silver in a transaction supported by your board of directors. Although we had some initial discussions with U.S. Silver's management, we were unable to reach agreement in a timeframe that we believe gave you the best opportunity to consider the Offer. Accordingly, we felt compelled to make our offer available directly to you, U.S. Silver's shareholders and warrantholders. To take advantage of our offer, we would ask you to vote your **BLUE** proxy **AGAINST** the RX Gold arrangement in the manner set forth below. We would then ask that you tender your U.S. Silver common shares and warrants to us prior to August 31, 2012 at 5:00 pm (Toronto time) when our offer will expire, unless it is extended or withdrawn.

To take advantage of our offer, we recommend that U.S. Silver securityholders vote your BLUE proxy AGAINST the RX Gold arrangement in the manner set forth below. We would then ask that you tender your U.S. Silver common shares and warrants to us prior to August 31, 2012 at 5:00 pm (Toronto time) when our offer will expire, unless it is extended or withdrawn.

How to vote your U.S. Silver common shares and to tender your U.S. Silver common shares and warrants to the Offer

To tender your U.S. Silver common shares and U.S. Silver warrants to the Offer, you should take **three** important steps:

(a) if you are a U.S. Silver shareholder and have voted in favour of the RX Gold arrangement, **REVOKE** any proxies related to that vote;

(b) if you are a U.S. Silver shareholder able to vote on the RX Gold arrangement, vote **AGAINST** the RX Gold arrangement; and

(c) if you are a U.S. Silver shareholder and/or a U.S. Silver warrantholder, **ACCEPT** our Offer by completing and duly executing the accompanying Letter of Transmittal (printed on **YELLOW** paper) or a manually executed facsimile thereof.

To vote **AGAINST** the RX Gold arrangement:

(a) if you are a registered U.S. Silver shareholder able to vote on the RX Gold arrangement, you must complete and submit your **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure your votes are received prior to 12:00 noon (Toronto time) on August 1, 2012 or if the U.S. Silver shareholder meeting is postponed or adjourned, no later than 12:00 noon (Toronto time) on the second business day (excluding Saturdays, Sundays and holidays) before any such adjournment or postponement of such meeting; or

(b) if you are a beneficial U.S. Silver shareholder able to vote on the RX Gold arrangement, you should follow the instructions provided by your investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which you hold your U.S. Silver shares.

A U.S. Silver shareholder is a registered U.S. Silver shareholder if that shareholder holds their U.S. Silver shares directly and not by your investment advisor, stockbroker, bank, trust company or other nominee. A U.S. Silver shareholder is a beneficial U.S. Silver shareholder if that shareholder has their U.S. Silver shares registered either: (a) in the name of an intermediary that the U.S. Silver shareholder deals with in respect of the shares, including banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (b) in the name of a depository such as CDS or DTC.

If you have already submitted a management form of proxy in connection with the RX Gold arrangement you may change your vote at any time up until the deadlines identified below as only your latest dated proxy will be counted. Therefore:

(a) if you are a registered U.S. Silver shareholder able to vote on the RX Gold arrangement, you should revoke that proxy by:

(i) completing and submitting your **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure your votes are received prior to 12:00 noon (Toronto time) on August 1, 2012;

(ii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement not later than 10:00 a.m. (Toronto time) on the last business day preceding the day of the Meeting at which the proxy is to be used;

(iii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement with the Chair of the Meeting before the Meeting starts on the day of the Meeting; or

(iv) following any other procedure that is permitted by law; or

(b) if you are a beneficial U.S. Silver shareholder able to vote on the RX Gold arrangement, you should revoke that proxy by contacting the investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which you hold your U.S. Silver common shares and follow their instructions regarding the revocation of proxies, and then follow their instructions regarding voting the DISSIDENT proxy.

To **ACCEPT** the Offer, holders of U.S. Silver common shares and warrants must properly complete and duly execute the accompanying Letter of Transmittal (printed on **YELLOW** paper) or a manually executed facsimile thereof and deposit it, at or prior to 5:00 p.m. (Toronto time) on August 31, 2012, together with certificates representing such holders' U.S. Silver common Shares and warrants, as applicable, and all other required documents, with the Depositary at its office in Toronto, Ontario, Canada specified in the Letter of Transmittal, in accordance with the instructions in the Letter of Transmittal. Alternatively, U.S. Silver securityholders may (i) accept the Offer by following the procedures for book-entry transfer of securities, set forth on page 26 of the Offer to Purchase and Circular under Section 3 of the Offer, "Manner of Acceptance - Acceptance by Book-Entry Transfer"; or (ii) follow the procedures for guaranteed delivery set forth on page 26 of the Offer to Purchase and Circular under Section 3 of the Offer, "Manner of Acceptance- Procedure for Guaranteed Delivery", using the accompanying Notice of Guaranteed Delivery (printed on **PINK** paper), a manually executed facsimile thereof.

All questions regarding our Offer and to the voting of your U.S. Silver shares should be directed to:

MACKENZIE PARTNERS, INC.

105 Madison Avenue
New York, New York 10016

Within the U.S. and Canada
Toll-free: (800) 322-2885
(212) 929-5500 (Call Collect)
or
Email: tenderoffer@mackenziepartners.com

Thank you in advance for taking the time to consider this Offer.

On behalf of Hecla Acquisition ULC,

(signed) "*Phillips S. Baker, Jr.*"

Phillips S. Baker, Jr.
President & Chief Executive Officer, Hecla Mining Company

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment advisor, stockbroker, bank manager, trust company manager, accountant, lawyer or other professional advisor.

The Offer and accompanying circular has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Securityholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to, or solicit proxies from, Securityholders in any such jurisdiction.

July 26, 2012

OFFER TO PURCHASE FOR CASH

all of the outstanding common shares and warrants
of

U.S. SILVER CORPORATION

by HECLA ACQUISITION ULC

an indirect wholly owned subsidiary of

at a price of

CDN$1.80 in cash per common share and
CDN$0.205 in cash per common share purchase warrant

– and –

CIRCULAR SOLICITING PROXIES AGAINST THE RX GOLD ARRANGEMENT

WE RECOMMEND THAT YOU VOTE AGAINST THE RX GOLD ARRANGEMENT AND ACCEPT OUR ALL CASH OFFER FOR YOUR U.S. SILVER COMMON SHARES AND WARRANTS.

Hecla Acquisition ULC (the "**Offeror**"), an indirect wholly owned subsidiary of Hecla Mining Company, hereby offers (the "**Offer**") to purchase, on the terms and subject to the conditions of the Offer, (i) all of the issued and outstanding common shares (the "**Common Shares**") of U.S. Silver Corporation ("**U.S. Silver**") at a price of CDN$1.80 in cash per Common Share; (ii) all issued and outstanding common share purchase warrants (the "**Warrants**") of U.S. Silver at price of CDN$0.205 in cash per Warrant; and (iii) any Common Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time (as defined herein) upon the exercise, exchange or conversion of options (the "**Options**") issued pursuant to U.S. Silver's Stock Option Plan (as defined herein), Warrants or other securities of U.S. Silver that are exercisable or exchangeable for or convertible into Common Shares (collectively, the "**Convertible Securities**").

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on August 31, 2012 (the "Expiry Time"), unless the Offer is extended or withdrawn.

The Common Shares and Warrants are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "USA" and "USA.WT", respectively. The Common Shares are also posted for trading on the OTCQX in the United States of America under the symbol "USSIF" and in Germany on the Frankfurt Stock Exchange under the symbol "QE2".

The Offer of CDN$1.80 per Common Share represents a premium of over 23% of the closing price of the Common Shares of CDN$1.46 on July 24, 2012 and a premium of 30% over the 20-day volume-weighted average trading price of the Common Shares on the TSX as of July 24, 2012. This Offer price of CDN$1.80 per Common Share represents a premium of 28% to the imputed Offer price of CDN$1.41 per Common Share as of July 24, 2012 under the RX Gold Arrangement.

The Depositary for the Offer is:
Computershare Investor Services Inc.

The Dealer Manager for the Offer is:
In Canada: Scotia Capital Inc.
In United States: Scotia Capital (USA) Inc.

Information Agent for the Offer is:
MacKenzie Partners, Inc.

The Offer is conditional upon, among other things: (i) there having been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Common Shares which, together with the Common Shares held by the Offeror and its affiliates (if any), represents not less than 66⅔% of the Common Shares outstanding (calculated on a Fully-Diluted Basis (as defined herein)); and (ii) there having been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Warrants which, together with the Warrants held by the Offeror and its affiliates (if any), represents not less than 66⅔% of the Warrants outstanding; and (iii) the shareholders of U.S. Silver not approving the special resolution in respect of the proposed combination transaction ("**RX Gold Arrangement**") with RX Gold & Silver Inc. as described in the management proxy circular of U.S. Silver dated July 9, 2012 or the RX Gold Arrangement otherwise being terminated; and (iv) the dollar amount of any break fees or other compensation payable to RX Gold & Silver Inc. in connection the RX Gold Arrangement are not greater than those currently contemplated in the combination agreement with RX Gold & Silver Inc., dated June 7, 2012 as amended on June 28, 2012, and otherwise unamended; and (v) the Offeror having determined that there shall not exist and shall not have occurred, and that the Offer if completed, will not be reasonably likely to cause or result in, a Material Adverse Effect (as defined herein); (vi) certain regulatory approvals will have been obtained; (vii) the expiration of any applicable waiting period under the HSR Act; and (viii) the Offeror and U.S. Silver not agreeing not to proceed with the acquisition of U.S. Silver by the Offeror pursuant to a plan of arrangement, amalgamation or other form of negotiated transaction. These and other conditions of the Offer are described in Section 4 of the Offer to Purchase, "Conditions of the Offer". Subject to applicable Laws, the Offeror reserves the right to withdraw the Offer and to not take up and pay for Common Shares and Warrants deposited under the Offer unless each of the conditions of the Offer is satisfied or waived at or prior to the Expiry Time. The Offer is not subject to any financing condition.

The Offeror has engaged Computershare Investor Services Inc. to act as depositary (the "**Depositary**") for the Offer. The Offeror has engaged MacKenzie Partners, Inc. to act as information agent (the "**Information Agent**") for the Offer. Scotia Capital Inc. (the "**Dealer Manager**") has been engaged to act as financial advisor to the Offeror and as dealer manager for the Offer in Canada. Scotia Capital (USA) Inc. has been engaged to act as dealer manager for the Offer in the United States.

Securityholders who wish to accept the Offer should take **three** important steps:

(a) if the Securityholder is a holder of Common Shares able to vote on the RX Gold Arrangement and has voted in favour of the RX Gold Arrangement, **REVOKE** any proxies related to that vote;

(b) if the Securityholder is a holder of Common Shares able to vote on the RX Gold Arrangement, vote **AGAINST** the RX Gold Arrangement; and

(c) **ACCEPT** the Offer by completing and duly executing the accompanying Letter of Transmittal (printed on **YELLOW** paper) or a manually executed facsimile thereof.

If a Securityholder has already submitted a management form of proxy in connection with the RX Gold Arrangement and:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by:

(i) completing and submitting the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012;

(ii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement not later than 10:00 a.m. (Toronto time) on the last business day preceding the day of the Meeting at which the proxy is to be used;

(iii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement with the Chair of the Meeting before the Meeting starts on the day of the Meeting; or

(iv) following any other procedure that is permitted by law; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by contacting the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares follow their instructions regarding the revocation of proxies, and then follow their instructions regarding voting the **BLUE** proxy.

A Shareholder is a registered Shareholder if that Shareholder holds their Common Shares directly and not by the Shareholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary. A Shareholder is a beneficial Shareholder if that Shareholder has their Common Shares registered either: (a) in the name of an intermediary that the Shareholder deals with in respect of the shares, including banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (b) in the name of a depository such as CDS or DTC.

To vote **AGAINST** the RX Gold Arrangement:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Shareholder should complete and submit the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012 or if the U.S. Silver shareholder meeting is postponed or adjourned, no later than 12:00 noon (Toronto time) on the second business day (excluding Saturdays, Sundays and holidays) before any such adjournment or postponement of such meeting; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should follow the instructions provided by the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares.

To **ACCEPT** the Offer, Securityholders must properly complete and duly execute the accompanying Letter of Transmittal (printed on **YELLOW** paper) or a manually executed facsimile thereof and deposit it, at or prior to the

Expiry Time, together with certificates representing such Securityholders' Common Shares and Warrants, as applicable, and all other required documents, with the Depositary at its office in Toronto, Ontario, Canada specified in the Letter of Transmittal, in accordance with the instructions in the Letter of Transmittal. Alternatively, Securityholders may (i) accept the Offer by following the procedures for book-entry transfer of securities, set forth on page 26 of the Offer to Purchase and Circular under Section 3 of the Offer, "Manner of Acceptance - Acceptance by Book-Entry Transfer"; or (ii) follow the procedures for guaranteed delivery set forth on page 26 of the Offer to Purchase and Circular under Section 3 of the Offer, "Manner of Acceptance- Procedure for Guaranteed Delivery", using the accompanying Notice of Guaranteed Delivery (printed on **PINK** paper), a manually executed facsimile thereof.

Securityholders whose Common Shares and Warrants are registered in the name of an investment advisor, stockbroker, bank, trust company, other nominee or intermediary should immediately contact that nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares and Warrants under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Securityholders should instruct their brokers or other nominees promptly if they wish to tender.

Questions and requests for assistance may be directed to the Information Agent, whose contact details are provided on the back cover of this document. Additional copies of this document, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from the Information Agent and are accessible on the Canadian Securities Administrators' SEDAR website at www.sedar.com. This website address is provided for informational purposes only and no information contained on, or accessible from, such website is incorporated by reference herein unless expressly incorporated by reference.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorized by the Offeror, the Depositary, the Information Agent or the Dealer Manager.

Securityholders should be aware that during the period of the Offer, the Offeror or any of its affiliates may, directly or indirectly, bid for and make purchases of Common Shares and Warrants as permitted by applicable Law. See Section 12 of the Offer to Purchase, "Market Purchases and Sales of Common Shares and Warrants".

All cash payments under the Offer will be made in Canadian dollars. Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer (as defined herein) to accept the Offer.

NOTICE TO SECURITYHOLDERS IN THE UNITED STATES

The Offer is being made for the securities of a Canadian company that does not have securities registered under Section 12 of the United States Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). Accordingly, the Offer is not subject to Section 14(d) of the U.S. Exchange Act, or Regulation 14D promulgated by the U.S. Securities and Exchange Commission thereunder. The Offer is made in the United States with respect to securities of a "foreign private issuer", as such term is defined in Rule 3b-4 under the U.S. Exchange Act, in accordance with Canadian corporate and tender offer rules. Securityholders resident in the United States should be aware that such requirements are different from those of the United States applicable to tender offers under the U.S. Exchange Act and the rules and regulations promulgated thereunder. Financial Statements included herein, if any, have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as the case may be, and thus may not be comparable to financial statements of United States companies.

Securityholders in the United States should be aware that the disposition of Common Shares and Warrants by them as described herein may have tax consequences both in the United States and in Canada. Such consequences may not be fully described herein and such holders are urged to consult their tax advisors. See

Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations" and Section 16 of the Circular, "Certain United States Federal Income Tax Considerations".

The solicitation of proxies by the Offeror pursuant to the Proxy Circular Supplement is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, such solicitation is made in the United States in accordance with Canadian corporate and securities laws and the Proxy Circular Supplement has been prepared in accordance with disclosure requirements applicable in Canada. U.S. Securityholders should be aware that such requirements are different from those in the United States.

Securityholders in the United States should be aware that applicable laws in Canada permit the Offeror or its affiliates, directly or indirectly, to bid for or make purchases of Common Shares and Warrants during the period of the Offer otherwise than through the Offer, such as in open market purchases.

The enforcement by Securityholders of civil liabilities under United States federal securities Laws may be affected adversely by the fact that the Offeror and U.S. Silver are incorporated under the Laws of Canada, certain of the officers and directors of each of the Offeror and U.S. Silver may reside outside the United States, and some of the experts named herein may reside outside the United States. Securityholders in the United States may not be able to sue the Offeror, U.S. Silver or their respective officers or directors in a non-U.S. court for violation of United States federal securities Laws. It may be difficult to compel such parties to subject themselves to the jurisdiction of a court in the United States or to enforce a judgment obtained from a court of the United States.

NOTICE TO HOLDERS OF OPTIONS AND OTHER CONVERTIBLE SECURITIES (EXCLUDING THE WARRANTS)

The Offer is being made only for Common Shares and Warrants, and is not made for any Options or other Convertible Securities. Any holder of Options or other Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert the Convertible Securities in order to obtain certificates representing Common Shares and deposit those Common Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will have certificates representing the Common Shares received on such exercise, exchange or conversion available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in Section 3 of the Offer to Purchase, "Manner of Acceptance—Procedure for Guaranteed Delivery".

The tax consequences to holders of Convertible Securities of exercising, exchanging or converting such securities are not described in either Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations" or in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations". Holders of Convertible Securities should consult their tax advisors for advice with respect to potential income tax consequences to them in connection with the decision whether to exercise, exchange or convert their Convertible Securities.

CURRENCY

All dollar references in the Offer to Purchase and Circular are in Canadian dollars, except where otherwise indicated. On July 25, 2012, the Bank of Canada noon rate of exchange for U.S. dollars was CDN$1.00 = US$ 1.0181.

FORWARD-LOOKING STATEMENTS

Certain statements contained in Section 5 of the Circular, "Reasons to Accept the Offer", Section 5 of the Circular, "Purpose of the Offer and Plans for U.S. Silver", Section 7 of the Circular, "Source of Funds" and Section 11 of the Circular, "Acquisition of Securities Not Deposited", in addition to certain statements contained elsewhere in this document or incorporated by reference herein, contain "forward-looking statements" and are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections

about future events, and are therefore subject to risks and uncertainties that could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward- looking words such as "plans", "expects", "intends", "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Although the Offeror believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results, performance or achievements of the Offeror to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements include, among other things, actions taken by U.S. Silver, actions taken by securityholders of U.S. Silver in respect of the Offer, the failure to satisfy the conditions of the Offer, industry risk, risks inherent in the running of the business of the Offeror or its affiliates, legislative or regulatory changes, competition, financial leverage for additional funding requirements, capital requirements for growth, interest rates, dependence on skilled staff, labour disruptions, geographical concentration, credit risk, liquidity risk and changes in capital or securities markets. These are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Offeror's forward-looking statements. Other unknown and unpredictable factors could also impact its results. Many of these risks and uncertainties relate to factors beyond the Offeror's ability to control or estimate precisely. Consequently, there can be no assurance that the actual results or developments anticipated by the Offeror will be realized or, even if substantially realized, that they will have the expected consequences for, or effects on, the Offeror, its future results and performance.

Forward-looking statements in the Circular are based on the Offeror's beliefs and opinions at the time the statements are made, and there should be no expectation that these forward-looking statements will be updated or supplemented as a result of new information, estimates or opinions, future events or results or otherwise, and the Offeror disavows and disclaims any obligation to do so except as required by applicable Law. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of the Offeror or any of its affiliates or U.S. Silver.

Unless otherwise indicated, the information concerning U.S. Silver contained herein has been taken from or is based upon U.S. Silver's and other publicly available documents and records on file with Canadian securities regulatory authorities and other public sources at the time of the Offer. Although the Offeror has no knowledge that would indicate that any statements contained herein relating to U.S. Silver, taken from or based on such documents and records are untrue or incomplete, neither the Offeror nor any of its respective directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by U.S. Silver to disclose events or facts that may have occurred or which may affect the significance or accuracy of any such information, but which are unknown to the Offeror.

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QUESTIONS AND ANSWERS REGARDING THE OFFER AND THE PROXY CIRCULAR SUPPLEMENT

The following are some of the questions that you, as a shareholder or warrantholder of U.S. Silver, may have and the answers to those questions. The information contained in these questions and answers is a summary only and is not meant to be a substitute for the more detailed description and information contained elsewhere in the Offer to Purchase and Circular and Proxy Circular Supplement, the Letter of Transmittal and the Notice of Guaranteed Delivery. Securityholders are urged to read the Offer to Purchase and Circular and Proxy Circular Supplement, the Letter of Transmittal and the Notice of Guaranteed Delivery in their entirety. Terms not defined in these questions and answers have the respective meanings given to them in the Glossary, unless the context otherwise requires. Cross-references have been included in these questions and answers to other sections of the Offer to Purchase and Circular and Proxy Circular Supplement where you will find more complete descriptions of the topics mentioned below.

Unless otherwise indicated, the information concerning U.S. Silver contained herein and in the Offer to Purchase and Circular and Proxy Circular Supplement has been taken from or based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources. Although the Offeror has no knowledge that would indicate any statements contained herein and in the Offer to Purchase and Circular and Proxy Circular Supplement and taken from or based on such information are untrue or incomplete, none of the Offeror or any of its officers or directors assumes any responsibility for the accuracy or completeness of such information or for any failure by U.S. Silver to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror. Unless otherwise indicated, information concerning U.S. Silver is given as of June 24, 2012.

WHO IS MAKING THE OFFER?

The Offeror is a company incorporated under the BCBCA with its registered office in Coeur d'Alene, Idaho. The Offeror's common shares are not listed on any stock exchange. See Section 1 of the Circular, "The Offeror". The Offeror is an indirect wholly owned subsidiary of Hecla Mining Company ("**Hecla**"), a respected precious metals producer with a rich mining history. Hecla is a leading low cash cost silver producer in the U.S. Hecla's shares of common stock are traded on the New York Stock Exchange under the symbol "HL".

Hecla operates the Greens Creek mine in Alaska and Lucky Friday mine (temporarily closed) in Idaho, and owns district-sized land packages in the Silver Valley in northern Idaho; Creede, Colorado; and Durango, Mexico. See Section 1 of the Circular, "The Offeror".

WHAT IS THE OFFER?

We are offering to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares and Warrants, and any Common Shares that may become issued and outstanding after the date of the Offer but before the Expiry Time upon the exercise, exchange or conversion of Options, Warrants or other Convertible Securities. See Section 1 of the Offer to Purchase, "The Offer".

WHY IS THE OFFEROR SOLICITING PROXIES IN CONNECTION WITH THE U.S. SILVER SPECIAL MEETING?

U.S. Silver has announced that it currently intends to hold the U.S. Silver Special Meeting on August 7, 2012 for purposes of considering the U.S. Silver Special Resolution. If the U.S. Silver Special Resolution is adopted and the RX Gold Arrangement proceeds, the conditions to the Offer will not be satisfied and Shareholders will not have the opportunity to receive the benefits of the Offeror's superior transaction. The Offeror is soliciting proxies to vote **AGAINST** the RX Gold Arrangement as it believes that the Offer is a superior transaction to the RX Gold Arrangement for Securityholders and other U.S. Silver stakeholders.

SHOULD I VOTE AGAINST THE RX GOLD ARRANGEMENT TO ACCEPT THE OFFER? HOW DO I VOTE AGAINST THE RX GOLD ARRANGEMENT?

While some current Shareholders may not have been Shareholders at the record date and may not be eligible to vote **AGAINST** the RX Gold Arrangement, if you voted for the RX Gold Arrangement you should revoke your proxy and, in any event, to the extent you are able you should vote **AGAINST** the RX Gold Arrangement. If the RX Gold Arrangement proceeds, the conditions to the Offer will not be satisfied and Securityholders will not have the opportunity to receive the benefits of the Offeror's superior transaction. Accordingly, in order to ensure that the RX Gold Arrangement does not proceed, you should vote **AGAINST** the RX Gold Arrangement at the U.S. Silver Special Meeting by completing a **BLUE** form of proxy in accordance with the instructions set out in the enclosed Proxy Circular Supplement.

If a Securityholder has already submitted a management form of proxy in connection with the RX Gold Arrangement and:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by:

  (i) completing and submitting the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012;

  (ii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement not later than 10:00 a.m. (Toronto time) on the last business day preceding the day of the Meeting at which the proxy is to be used;

  (iii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement with the Chair of the Meeting before the Meeting starts on the day of the Meeting; or

  (iv) following any other procedure that is permitted by law; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by contacting the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares follow their instructions regarding the revocation of proxies, and then follow their instructions regarding voting the **BLUE** proxy.

A Shareholder is a registered Shareholder if that Shareholder holds their Common Shares directly and not by the Shareholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary. A Shareholder is a beneficial Shareholder if that Shareholder has their Common Shares registered either: (a) in the name of an intermediary that the Shareholder deals with in respect of the shares, including banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (b) in the name of a depository such as CDS or DTC.

To vote **AGAINST** the RX Gold Arrangement:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Shareholder should complete and submit the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012 or if the U.S. Silver shareholder meeting is postponed or adjourned, no later than 12:00 noon (Toronto time) on the second

business day (excluding Saturdays, Sundays and holidays) before any such adjournment or postponement of such meeting; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should follow the instructions provided by the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares.

A Shareholder is a registered Shareholder if that Shareholder holds their Common Shares directly and not by the Shareholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary. A Shareholder is a beneficial Shareholder if that Shareholder has their Common Shares registered either: (a) in the name of an intermediary that the Shareholder deals with in respect of the shares, including banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (b) in the name of a depository such as CDS or DTC.

If you wish to vote in person at the meeting, do not complete or return the form of proxy. All questions regarding our Offer and to the voting of your Common Shares should be directed to:

105 Madison Avenue
New York, New York 10016
Within the U.S. and Canada
Toll-free: (800) 322-2885
(212) 929-5500 (Call Collect)
or
Email: tenderoffer@mackenziepartners.com

HOW DO I TENDER MY COMMON SHARES AND WARRANTS?

To accept the Offer you may deliver the certificate(s) representing your Common Shares and Warrants together with a properly completed and duly executed Letter of Transmittal (printed on **YELLOW** paper), and all other required documents to the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Detailed instructions are contained in the Letter of Transmittal that accompanies the Offer. See Section 3 of the Offer to Purchase, "Manner of Acceptance — Letter of Transmittal".

If your Common Shares and Warrants are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee, you should immediately contact that nominee for assistance if you wish to accept the Offer or exercise, exchange or convert your Convertible Securities into Common Shares to accept the Offer in order to take the necessary steps to be able to deposit such securities under the Offer. Note you do not need to exercise your Warrants to except the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. You must instruct your broker or other intermediary promptly if you wish to tender.

You should contact the Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and in depositing your Common Shares and Warrants with the Depositary.

If you wish to deposit your Common Shares and Warrants under the Offer and the certificates representing such Common Shares and Warrants are not immediately available, or if the certificates and all other required documents cannot be provided to the Depositary at or prior to the Expiry Time, such Common Shares and Warrants nevertheless may be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on **PINK** paper). See Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery".

You may also accept the Offer by following the procedures for book-entry transfer detailed in the Offer to Purchase and Circular and have your Common Shares and Warrants tendered by your nominee through CDS or the DTC, as applicable, provided such procedures are completed prior to the Expiry Time.

All questions regarding our Offer and to the voting of your Common Shares should be directed to:

105 Madison Avenue
New York, New York 10016
Within the U.S. and Canada
Toll-free: (800) 322-2885
(212) 929-5500 (Call Collect)
or
Email: tenderoffer@mackenziepartners.com

WHAT WOULD I RECEIVE IN EXCHANGE FOR EACH OF MY COMMON SHARES AND WARRANTS?

We are offering CDN$1.80 per Common Share and CDN$0.205 per Warrant, for each Common Share and Warrant you hold, respectively, without interest and less any required withholding taxes. See Section 1 of the Offer to Purchase, "The Offer".

ARE ANY OUTSTANDING SECURITIES OF U.S. SILVER NOT INCLUDED IN THE OFFER?

The Offer is being made only for Common Shares and Warrants and is not made for any Options or other Convertible Securities. Any holder of Options or other Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert the Convertible Securities in order to obtain certificates representing Common Shares and deposit those Common Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will have certificates representing the Common Shares received on such exercise, exchange or conversion available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery".

WHY SHOULD I ACCEPT THE OFFER?

We believe that Securityholders will enjoy the following significant benefits from the Offer:

Attractive Premium – The Offer of CDN$1.80 per Common Share represents a premium of over 23% of the closing price of the Common Shares of CDN$1.46 on July 24, 2012 and a premium of 30% over the 20-day volume-weighted average trading price of the Common Shares on the TSX as of July 24, 2012.

Liquidity and Certainty of Value – The Offer is all cash, providing Securityholders with certainty of value and immediate liquidity.

Fully Financed Cash Offer – The Offer is not subject to a financing condition. The Offeror has sufficient cash to pay for all of the Common Shares and Warrants.

Imputed Value of RX Gold Arrangement – The Offer of CDN$1.80 per Common Share represents a premium of 28% to the imputed offer price of CDN$1.41 per Common Share as of July 24, 2012 under the RX Gold Combination.

RX Gold's Assets - If U.S. Silver completed the RX Gold Arrangement, U.S. Silver Securityholders will have been diluted by 30%, and for this cost will have acquired a small property currently without its final permit, which property is undergoing evaluation mining that might transition to commercial production, but only with significant permit and capital cost risk.

Avoidance of Dilution – If U.S. Silver completed the RX Gold Arrangement, the combined entity will likely require substantial additional funds in the future to develop its projects. Additional equity financings, joint venture agreements or other transactions that are undertaken to raise funds could result in material dilution to existing U.S. Silver Securityholders and/or a reduction in the percentage ownership of its properties.

WHAT ARE SOME OF THE MOST SIGNIFICANT CONDITIONS OF THE OFFER?

The Offer is conditional upon, among other things: (i) there having been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Common Shares which, together with the Common Shares held by the Offeror and its affiliates (if any), represents not less than 66⅔% of the Common Shares outstanding (calculated on a Fully-Diluted Basis (as defined herein)); and (ii) there having been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Warrants which, together with the Warrants held by the Offeror and its affiliates (if any), represents not less than 66⅔% of the Warrants outstanding; and (iii) the shareholders of U.S. Silver not approving the special resolution in respect of the proposed combination transaction ("**RX Gold Arrangement**") with RX Gold & Silver Inc. as described in the management proxy circular of U.S. Silver dated July 9, 2012 or the RX Gold Arrangement otherwise being terminated; and (iv) the dollar amount of any break fees or other compensation payable to RX Gold & Silver Inc. in connection the RX Gold Arrangement are not greater than those currently contemplated in the combination agreement with RX Gold & Silver Inc., dated June 7, 2012 as amended on June 28, 2012, and otherwise unamended; and (v) the Offeror having determined that there shall not exist and shall not have occurred, and that the Offer if completed, will not be reasonably likely to cause or result in, a Material Adverse Effect (as defined herein); (vi) certain regulatory approvals will have been obtained; (vii) the expiration of any applicable waiting period under the HSR Act; and (viii) the Offeror and U.S. Silver not agreeing not to proceed with the acquisition of U.S. Silver by the Offeror pursuant to a plan of arrangement, amalgamation or other form of negotiated transaction. These and other conditions of the Offer are described in Section 4 of the Offer to Purchase, "Conditions of the Offer". Subject to applicable Laws, the Offeror reserves the right to withdraw the Offer and to not take up and pay for Common Shares and Warrants deposited under the Offer unless each of the conditions of the Offer is satisfied or waived at or prior to the Expiry Time. The Offer is not subject to any financing condition. See Section 4 of the Offer to Purchase, "Conditions of the Offer" for all of the conditions of the Offer. Furthermore, see Section 13 of the Circular, "Regulatory Matters" for a summary of the principal regulatory approvals required in connection with the Offer.

It is important to be aware that the Offer is not subject to any financing condition.

DOES THE OFFEROR BELIEVE THAT THE NECESSARY REGULATORY APPROVALS TO COMPLETE THE OFFER WILL BE RECEIVED?

We believe that all applicable waiting periods will expire and all requisite regulatory approvals will be received in due course. A summary of the principal waiting periods and regulatory approvals required in connection with the Offer can be found in Section 13 of the Circular, "Regulatory Matters".

WHAT IS THE OFFEROR'S SOURCE OF FUNDING FOR THE OFFER?

We estimate that, if we acquire all the Common Shares and all Warrants outstanding on July 9, 2012, the total amount required for the purchase will be approximately CDN$112 million plus related fees and expenses associated with the Offer. We will fund this amount from cash resources available to Hecla in an amount sufficient to satisfy such cash requirements. See Section 7 of the Circular, "Source of Funds".

IS HECLA'S FINANCIAL CONDITION RELEVANT TO MY DECISION TO TENDER MY SECURITIES IN THE OFFER?

No. We believe that our financial condition is not material to your decision whether to deposit Common Shares and Warrants under the Offer because cash is the only consideration that will be paid to you in connection with the Offer and we have sufficient cash on hand to fund the entire consideration payable for the Common Shares and Warrants.

WHY IS THE OFFEROR MAKING THE OFFER?

We are making the Offer because we want to acquire control of, and ultimately acquire all of the Common Shares and Warrants of U.S. Silver and ultimately acquire all of the issued and outstanding securities of U.S. Silver.

HOW LONG DO I HAVE TO DECIDE WHETHER TO TENDER INTO THE OFFER?

The Offer is open for acceptance until the Expiry Time, which is 5:00 p.m. (Toronto time) on August 31, 2012, unless we extend or withdraw the Offer in accordance with its terms.

Notwithstanding the foregoing, quick action is required to the stop the RX Gold Arrangement if you wish to preserve your ability to deposit your Securities under the Offer. You should vote **AGAINST** the RX Gold Arrangement by promptly completing and returning the **BLUE** form of proxy in accordance with the instructions set out in the enclosed Proxy Circular Supplement in order to ensure they are received before 12:00 noon (Toronto time) on August 1, 2012.

CAN THE OFFER BE EXTENDED AND, IF SO, UNDER WHAT CIRCUMSTANCES?

Yes. We may elect, in our sole discretion, to extend the Offer from time to time. Under certain circumstances, we may be required to extend the Offer. If we elect or are required to extend the Offer, we will notify the Depositary and publicly announce such extension and, if required by applicable Law, mail you a copy of the notice of variation. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

IF I DECIDE NOT TO VOTE AGAINST THE RX COMBINATION TRANSACTION, WILL THIS IMPACT MY ABILITY TO ACCEPT THE OFFER?

Yes, you should vote **AGAINST** the RX Gold Arrangement. If the RX Gold Arrangement proceeds, the conditions to the Offer will not be satisfied and Securityholders will not have the opportunity to receive the benefits of the Offeror's superior transaction.

WILL I HAVE TO PAY ANY FEES OR COMMISSIONS?

No fee or commission will be payable if you accept the Offer by depositing your Common Shares and Warrants directly with the Depositary or if you make use of the services of a Soliciting Dealer to accept the Offer. You should consult your investment advisor, stock broker or other nominee to determine whether other charges will apply.

WHEN WILL THE OFFEROR PAY FOR DEPOSITED SECURITIES?

If all of the conditions of the Offer described in Section 4 of the Offer to Purchase, "Conditions of the Offer", have been satisfied or waived by us at or prior to the Expiry Time, we will take up and pay for Common Shares and Warrants validly deposited under the Offer and not properly withdrawn not later than ten days after the Expiry Time. Any Common Shares and Warrants taken up will be paid for as soon as possible, and in any event not later than the earlier of (i) three business days after they are taken up and (ii) ten days after the Expiry Time. Any Common Shares and Warrants deposited under the Offer after the date upon which Common Shares and Warrants are first taken up under the Offer will be taken up and paid for not later than ten days after such deposit. See Section 6 of the Offer to Purchase, "Take-Up of and Payment for Deposited Securities".

WILL I BE ABLE TO WITHDRAW PREVIOUSLY TENDERED COMMON SHARES AND WARRANTS?

You may withdraw Common Shares and Warrants you deposit under the Offer at any time: (i) before we accept the Common Shares and Warrants you deposit under the Offer, (ii) if we do not pay for your Common Shares and Warrants within three business days after having taken up such Common Shares and Warrants, and (iii) in certain other circumstances discussed in Section 7 of the Offer to Purchase, "Withdrawal of Deposited Securities".

HOW DO I WITHDRAW PREVIOUSLY TENDERED COMMON SHARES AND WARRANTS?

To withdraw previously tendered Common Shares and Warrants, you must send a notice of withdrawal to the Depositary prior to the occurrence of certain events and within the time periods set forth in Section 7 of the Offer to Purchase, "Withdrawal of Deposited Securities". The notice must contain the specific information outlined in Section 7 of the Offer to Purchase. If your stockbroker, dealer, bank or other nominee has tendered Common Shares and Warrants on your behalf and you wish to withdraw such Common Shares and Warrants, you must arrange for such nominee to timely withdraw such securities.

WHAT DOES THE BOARD OF DIRECTORS OF U.S. SILVER THINK OF THE OFFER?

See Section 4 of the Circular, "Background to the Offer" for a description of a proposal we made to U.S. Silver and the rejection of that proposal by U.S. Silver.

Under Canadian provincial securities Laws, a directors' circular must be prepared and delivered to Securityholders no later than 15 days from the date of commencement of the Offer. The directors' circular must include either a recommendation to accept or reject the Offer, and the reasons for the Board of Directors' recommendation, or a statement that the Board of Directors is unable to make or is not making a recommendation, and if no recommendation is made, the reasons for not making a recommendation.

HOW WILL CANADIAN RESIDENTS AND NON-RESIDENTS OF CANADA BE TAXED FOR CANADIAN INCOME TAX PURPOSES?

Generally, a Securityholder who is resident in Canada, who deals at arm's length with and is not affiliated with us or U.S. Silver, who did not acquire Common Shares and Warrants pursuant to a stock option plan, who holds Common Shares and Warrants as capital property and who sells such shares to us under the Offer will realize a capital gain (or capital loss) equal to the amount by which the cash received, net of any reasonable costs of disposition, exceeds (or is less than) the aggregate adjusted cost base to the Securityholder of such Common Shares and Warrants.

Generally, Securityholders who are non-residents of Canada for the purposes of the Tax Act and who do not use or hold their Common Shares and Warrants in connection with carrying on a business in Canada will not be subject to tax in Canada in respect of any capital gain realized on the sale of Common Shares and Warrants to us under the Offer, unless those securities constitute "taxable Canadian property" to such Securityholder within the meaning of the Tax Act and that gain is not otherwise exempt from tax under the Tax Act pursuant to an exemption contained in an applicable income tax treaty.

The foregoing is a very brief summary of certain Canadian federal income tax consequences and is qualified in its entirety by Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations", which provides a summary of the principal Canadian federal income tax considerations generally applicable to Securityholders. Securityholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares and Warrants pursuant to the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction. Holders of Convertible Securities should consult their own tax advisors having regard to their own personal circumstances.

HOW WILL I BE TAXED FOR U.S. FEDERAL INCOME TAX PURPOSES?

Generally, a U.S. Holder who disposes of Common Shares, Warrants, or Warrant Shares pursuant to a Share Acquisition will realize a taxable gain or loss for U.S. federal income tax purposes. The U.S. federal income tax treatment of such gain or loss to a U.S. Holder will depend, in part, upon (1) how long the U.S. Holder has held the Common Shares, Warrants, or Warrant Shares and (2)(a) whether U.S. Silver is or was a PFIC for any taxable year in which such U.S. Holder has held Common Shares, Warrants, or Warrant Shares and (b) whether such U.S. Holder has made any election under the PFIC rules. Backup withholding and information reporting may also apply to U.S. Holders participating in a Share Acquisition.

Generally, a Non-U.S. Holder who disposes of Common Shares, Warrants, or Warrant Shares pursuant to a Share Acquisition will realize a taxable gain or loss for U.S. federal income tax purposes only if (1) such Non-U.S. Holder is present in the United States for 183 days or more, (2) such Non-U.S. Holder in engaged in a trade or business in the United States and the Common Shares, Warrants, or Warrant Shares are effectively connected with that trade or business, or (3) the Common Shares, Warrants, or Warrant Shares are a United States real property interest, as discussed in Section 16 of the Circular. The U.S. federal income tax treatment of such gain or loss to a Non-U.S. Holder will depend, in part, upon whether (1) the Common Shares, Warrants, and Warrant Shares constitute a United States real property interest and (2) if they do not, whether such Non-U.S. Holder may claim the benefits of a United States income tax treaty, including the Convention. Withholding of 10% of the amount paid to a Non-U.S. Holder pursuant to any Share Acquisition, as described in Section 16 of the Circular, may also apply to Non-U.S. Holders participating in any Share Acquisition.

The foregoing is a very brief summary of certain United States federal income tax consequences of participating in any Share Acquisition and is qualified in its entirety by Section 16 of the Circular, "Certain United States Federal Income Tax Considerations", which provides a summary of certain material United States federal income tax considerations generally applicable to U.S. Holders and Non-U.S. Holders. U.S. Holders and Non-U.S. Holders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares, Warrants, and Warrant Shares pursuant to any Share Acquisition. Holders of Convertible Securities should consult their own tax advisors.

IF I DECIDE NOT TO TENDER, HOW WILL MY SECURITIES BE AFFECTED?

If within 120 days after the date of the Offer, the Offer is accepted by holders who in the aggregate hold not less than 90% of the issued and outstanding Common Shares, on a Fully-Diluted Basis, other than Common Shares held at the date of the Offer by or on behalf of us, or an affiliate or associate of us (as those terms are defined in the CBCA), and we acquire or are bound to take up and pay for such Deposited Securities under the Offer, we may, at our option, acquire those Common Shares which remain outstanding held by those persons who did not accept the Offer pursuant to a Compulsory Acquisition. If a Compulsory Acquisition is not available or we choose not to avail ourselves of such statutory right of acquisition, we intend to pursue other means of acquiring the remaining Common Shares not tendered under the Offer pursuant to a Subsequent Acquisition Transaction. If we propose a Subsequent Acquisition Transaction, we intend to cause the Common Shares acquired under the Offer to be voted in favour of such a Subsequent Acquisition Transaction and, to the extent permitted by applicable Laws, to be counted as part of any minority approval that may be required in connection with such transaction. The timing and details of such a Subsequent Acquisition Transaction, if any, will necessarily depend on a variety of factors, including the number of Common Shares acquired pursuant to the Offer. If, after taking up Common Shares under the Offer, we own at least 66⅔% of the outstanding Common Shares on a Fully-Diluted Basis and sufficient votes are cast by "minority" holders to constitute a majority of the "minority" pursuant to MI 61-101, we should own sufficient Common Shares to be able to effect a Subsequent Acquisition Transaction. See Section 11 of the Circular, "Acquisition of Securities Not Deposited".

In accordance with and subject to the terms of the Warrant Indenture, concurrently with the Compulsory Acquisition, we intend to call a meeting of Warrantholders to pass an "extraordinary resolution". An "extraordinary resolution" is defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 50% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants, and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the votes cast upon

such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants entitled to acquire not less than 66⅔% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants. The purpose of the "extraordinary resolution" would be to obtain the requisite approval of Warrantholders to to amend the Warrant Indenture to permit a cashless exercise or to cancel the remaining Warrants for the dollar amount by which the exercise price of the Warrants exceeds the Offer price per Common Share.

WILL U.S. SILVER CONTINUE AS A PUBLIC COMPANY?

As indicated above, it is our intention to enter into one or more transactions to enable us to acquire all Common Shares and Warrants not acquired pursuant to the Offer. If we are able to complete such a transaction, we intend to seek to delist the Common Shares and Warrants from the TSX. Subject to applicable securities Laws, we also intend to cause U.S. Silver to cease to be a reporting issuer under the securities Laws of each province and territory of Canada where it is a reporting issuer.

DO I HAVE DISSENT OR APPRAISAL RIGHTS IN CONNECTION WITH THE OFFER?

Securityholders who do not deposit their Common Shares and Warrants under the Offer will not be entitled to any right of dissent or appraisal. However, Securityholders who do not deposit their Common Shares and Warrants under the Offer may have certain rights of dissent in the event the Offeror acquires such Common Shares and Warrants by way of a Compulsory Acquisition or Subsequent Acquisition Transaction, including the right to seek judicial determination of the fair value of their Common Shares and Warrants. See Section 11 of the Circular, "Acquisition of Securities Not Deposited".

CAN I APPOINT SOMEONE OTHER THAN THE INDIVIDUALS NAMED IN THE ENCLOSED FORM OF PROXY TO VOTE MY COMMON SHARES?

Yes, you have the right to appoint some other person of your choice who need not be a shareholder of U.S. Silver to attend and act on your behalf at the meeting. If you wish to appoint a person other than those named in the enclosed **BLUE** form of proxy, then strike out those printed names appearing on the form of proxy and insert the name of your chosen proxyholder in the space provided. NOTE: It is important to ensure that any other person you appoint is attending the meeting and is aware that his or her appointment has been made to vote your Common Shares. Proxyholders should, on arrival at the meeting, present themselves to a representative of Valiant Trust Company.

HOW WILL THE COMMON SHARES BE VOTED IF I SEND IN MY BLUE PROXY?

The Common Shares represented by your proxy must be voted as you instruct in the **BLUE** form of proxy. If you properly complete and return the **BLUE** proxy but do not specify how you wish to vote, your Common Shares will be voted as your proxyholder sees fit. Unless contrary instructions are provided, Common Shares represented by proxies received by the Offeror will be voted **AGAINST** the approval of the U.S. Silver Special Resolution, the full text of which is attached as Appendix C to the management proxy circular of U.S. Silver dated July 9, 2012 (the "**U.S. Silver Combination Circular**"), approving, among other things, the exchange of Common Shares in connection with a court-approved plan of arrangement under section 192 of the *Canada Business Corporations Act* in order to effect a combination transaction with RX Gold in accordance with the terms and conditions of a combination agreement dated June 7, 2012, as amended on June 28, 2012, entered into among U.S. Silver, RX Gold and U.S. Silver & Gold Inc., as it may be amended from time to time, all as more particularly set forth in the U.S. Silver Combination Circular.

WHAT IF AMENDMENTS ARE MADE TO THE ABOVE MATTERS OR IF OTHER MATTERS ARE BROUGHT BEFORE THE MEETING?

If you have completed and returned the **BLUE** form of proxy, the person named in the **BLUE** form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Special Meeting of Shareholders of U.S. Silver, and to other matters which may properly come before the meeting. As of the date of this Circular, the Offeror knows of no such amendment, variation or other matter expected to come before

the meeting. If any other matters properly come before the meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

WHAT IF I AM A REGISTERED SHAREHOLDER AND DO NOT SUBMIT A PROXY?

As a registered Shareholder, if you do not submit a proxy prior to 5:00 p.m. (Toronto time) on August 2, 2012 or you do not attend and vote at the meeting, your Common Shares will not be voted on any matter that comes before the meeting.

WHOM CAN I CALL WITH QUESTIONS ABOUT THE PROXY SOLICITATION, THE OFFER OR FOR MORE INFORMATION?

You can call the Depositary or the Information Agent if you have any questions regarding how to tender Common Shares or Warrants or if you need assistance regarding the Offer or require additional copies of this document, the Letter of Transmittal or the Notice of Guaranteed Delivery (which documents will be provided without charge on request and are accessible on the SEDAR at www.sedar.com).

The Information Agent:

105 Madison Avenue
New York, New York 10016
Within the U.S. and Canada
Toll-free: (800) 322-2885
(212) 929-5500 (Call Collect)
or
Email: tenderoffer@mackenziepartners.com

The Depositary:

Computershare Investor Services Inc.

By Mail

P.O. Box 7021
31 Adelaide St. E.
Toronto, Ontario M5C 3H2

Attention: Corporate Actions

By Registered Mail, by Hand or by Courier

100 University Ave.
9th Floor
Toronto, Ontario M5J 2Y1

Attention: Corporate Actions

Toll Free (North American): 1-800-564-6253

Overseas: 1-514-982-7555

E-mail: corporateactions@computershare.com

Any questions and requests for assistance may be directed by holders of Common Shares and/or Warrants to the Depositary at the telephone numbers and location set out above. Shareholders and Warrantholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

Securityholders may also contact the Dealer Manager or their respective dealers, brokers, investment advisors, lawyers and other professional advisors for assistance concerning the Offer. Questions and requests should be directed to the following:

In Canada:

Scotia Capital Inc.
Scotia Plaza, 66th Floor
40 King Street West
Box 4085, Station "A"
Toronto, Ontario M5W 2X6
Tel: (416) 945-4282
Fax: (416) 862-3010

In the United States:

Scotia Capital (USA) Inc.
One Liberty Plaza
25th Floor
165 Broadway
New York, New York 10006
Tel: (212) 225-6851
Fax: (212) 225-6852

SUMMARY

The following is a summary only and is qualified in its entirety by the detailed provisions contained elsewhere in the Offer to Purchase and Proxy Circular Supplement. Securityholders are urged to read the Offer to Purchase and Proxy Circular Supplement in their entirety. Terms defined in the Glossary and not otherwise defined in this Summary have the respective meanings given to them in the Glossary, unless the context otherwise requires.

Unless otherwise indicated, the information concerning U.S. Silver contained herein and in the Offer to Purchase and Circular and Proxy Circular Supplement has been taken from or based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources. Although the Offeror has no knowledge that would indicate any statements contained herein and in the Offer to Purchase and Circular and Proxy Circular Supplement and taken from or based on such information are untrue or incomplete, none of the Offeror or any of its officers or directors assumes any responsibility for the accuracy or completeness of such information or for any failure by U.S. Silver to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror. Unless otherwise indicated, information concerning U.S. Silver is given as of July 9, 2012 (the date of the U.S. Silver Combination Circular).

THE OFFER

The Offeror hereby offers to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares and Warrants, and any Common Shares that may become issued and outstanding after the date of the Offer but before the Expiry Time upon the exercise, exchange or conversion of Options or other Convertible Securities, at a price of CDN$1.80 in cash per Common Share and CDN$0.205 per Warrant. See Section 1 of the Offer to Purchase, "The Offer".

The Offer is being made only for Common Shares and Warrants and is not made for any Options or other Convertible Securities. Any holder of Options or other Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert such Options or other Convertible Securities in order to obtain certificates representing Common Shares and deposit those Common Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Options or other Convertible Securities will have certificates representing the Common Shares received on such exercise, exchange or conversion available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery".

The obligation of the Offeror to take up and pay for Common Shares and Warrants pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer to Purchase, "Conditions of the Offer".

TIME FOR ACCEPTANCE

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on August 31, 2012, unless the Offer is extended or withdrawn by the Offeror. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

PROXY CIRCULAR SUPPLEMENT

U.S. Silver intends to hold the U.S. Silver Special Meeting on August 7, 2012 for the purposes of considering the U.S. Silver Special Resolution. If the U.S. Silver Special Resolution is approved and the RX Gold Arrangement proceeds, the conditions to the Offer will not be satisfied. The Offeror is soliciting proxies to vote **AGAINST** the RX Gold Arrangement as it believes that the Offer is superior to the RX Gold Arrangement for Securityholders and other U.S. Silver stakeholders. Shareholders should therefore vote **AGAINST** the RX Gold Arrangement.

In addition to constituting a take-over bid circular prepared in accordance with applicable Laws in respect of the Offer, this document (and in particular, the Proxy Circular Supplement included herein) is also being furnished in

connection with the U.S. Silver Special Meeting for the solicitation of proxies by and on behalf of the Offeror to vote **AGAINST** the RX Gold Arrangement.

Any Shareholder that, in addition to accepting the Offer in accordance with the procedures set forth in Section 3 of the Offer, ''Manner of Acceptance'', wishes to provide a proxy allowing the nominees identified in the **BLUE** form of proxy mailed to Shareholders with the Offer to vote **AGAINST** the RX Gold Arrangement, should review the Proxy Circular Supplement contained herein. We recommend that Shareholders complete and return a **BLUE** form of proxy in accordance with instructions set out thereon. For further information, including information regarding non-registered Shareholders, see the Proxy Circular Supplement included herein.

Shareholders should note that accepting the Offer in accordance with the procedures set forth in Section 3 of the Offer, ''Manner of Acceptance'', will not, without the submission of a **BLUE** form of proxy as described in the Proxy Circular Supplement, authorize the nominees of the Offeror to vote **AGAINST** the U.S. Silver Special Resolution. Similarly, completing a **BLUE** form of proxy, without accepting the Offer in accordance with the procedures set forth in Section 3 of the Offer, ''Manner of Acceptance'', will not result in a Shareholder's Common Shares being validly deposited under the Offer.

Computershare Investors Services Inc. has been engaged as Depositary and MacKenzie Partners, Inc. as Information Agent on behalf of the Offeror to provide information to Shareholders in connection with the Offer and to solicit proxies **AGAINST** the RX Gold Arrangement.

Shareholders with queries or requiring assistance in: (a) completing and submitting a **BLUE** form of proxy to permit the nominees of the Offeror identified therein to vote **AGAINST** the RX Gold Arrangement; or (b) accepting the Offer and depositing Common Shares with the Depositary should contact the Depositary or the Information Agent. The Depositary can be contacted at 1-800-564-6253 toll-free in North America, or at 1-514-982-7555 outside of North America, or by e-mail at corporateactions@computershare.com. The Information Agent can be contacted within North America toll-free at 1-800-322-2885 and outside of North America at (212) 929-5500 (Call Collect), Toll-free (800) 322-2885 or by e-mail at tenderoffer@mackenziepartnes.com.

VOTING AGAINST THE COMBINATION TRANSACTION

Shareholders should vote **AGAINST** the RX Gold Arrangement. If the RX Gold Arrangement proceeds, the conditions to the Offer will not be satisfied and Securityholders will not have the opportunity to receive the benefits of the Offer. Accordingly, in order to ensure that the RX Gold Arrangement does not proceed, Shareholders should vote **AGAINST** the RX Gold Arrangement at the U.S. Silver Special Meeting by completing a **BLUE** form of proxy in accordance with the instructions set out in the enclosed Proxy Circular Supplement.

If a Securityholder has already submitted a management form of proxy in connection with the RX Gold Arrangement and:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by:

(i) completing and submitting the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012;

(ii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement not later than 10:00 a.m. (Toronto time) on the last business day preceding the day of the Meeting at which the proxy is to be used;

(iii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX

Gold Arrangement with the Chair of the Meeting before the Meeting starts on the day of the Meeting; or

(iv) following any other procedure that is permitted by law; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by contacting the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares follow their instructions regarding the revocation of proxies, and then follow their instructions regarding voting the **BLUE** proxy.

A Shareholder is a registered Shareholder if that Shareholder holds their Common Shares directly and not by the Shareholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary. A Shareholder is a beneficial Shareholder if that Shareholder has their Common Shares registered either: (a) in the name of an intermediary that the Shareholder deals with in respect of the shares, including banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (b) in the name of a depository such as CDS or DTC.

To vote **AGAINST** the RX Gold Arrangement:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Shareholder should complete and submit the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012 or if the U.S. Silver shareholder meeting is postponed or adjourned, no later than 12:00 noon (Toronto time) on the second business day (excluding Saturdays, Sundays and holidays) before any such adjournment or postponement of such meeting; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should follow the instructions provided by the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares.

If you wish to vote in person at the meeting, do not complete or return the form of proxy. All questions regarding our Offer and to the voting of your Common Shares should be directed to:

MACKENZIE PARTNERS, INC.

105 Madison Avenue
New York, New York 10016
Within the U.S. and Canada
Toll-free: (800) 322-2885
(212) 929-5500 (Call Collect)
or
Email: tenderoffer@mackenziepartners.com

THE OFFEROR

The Offeror is a company incorporated under the BCBCA with its registered office in Coeur d'Alene, Idaho. The Offeror's common shares are not listed on any stock exchange. See Section 1 of the Circular, "The Offeror". The Offeror is an indirect wholly owned subsidiary of Hecla Mining Company ("**Hecla**"), a respected precious metals producer with a rich mining history. Hecla is a leading low cash cost silver producer in the U.S. Hecla's shares of common stock are traded on the New York Stock Exchange under the symbol "HL".

Hecla operates the Greens Creek mine in Alaska and Lucky Friday mine (temporarily closed) in Idaho, and owns district-sized land packages in the Silver Valley in northern Idaho; Creede, Colorado; and Durango, Mexico. See Section 1 of the Circular, "The Offeror".

U.S. SILVER

U.S. Silver is engaged in the production, exploration and development of silver resources in northern Idaho, United States. U.S. Silver's Common Shares and Warrants are listed on the TSX, trading under the symbols "USA" and "USA.WT", respectively. The Common Shares are also posted for trading on the OTCQX in the United States under the symbol "USSIF" and in Germany on the Frankfurt Stock Exchange under the symbol "QE2".

The primary assets of U.S. Silver's wholly-owned subsidiary, U.S. Silver-Idaho, Inc. ("**USI**"), are the operating Galena Project and the adjoining, but non-operating, Coeur Mine and Caladay Project in the Coeur d'Alene Mining District of northern Idaho. These mines have a long mining history with a combined production of over 220 million ounces of silver and associated by-product metals of copper and lead over a modern production history of more than fifty years. See Section 2 of the Circular, "U.S. Silver".

REASONS TO ACCEPT THE OFFER

The Offeror believes that Securityholders will enjoy the following significant benefits from the Offer:

Attractive Premium – The Offer of CDN$1.80 per Common Share represents a premium of over 23% of the closing price of the Common Shares of CDN$1.46 on July 24, 2012 and a premium of 30% over the 20-day volume-weighted average trading price of the Common Shares on the TSX as of July 24, 2012.

Liquidity and Certainty of Value – The Offer is all cash, providing Securityholders with certainty of value and immediate liquidity.

Fully Financed Cash Offer – The Offer is not subject to a financing condition. The Offeror has sufficient cash to pay for all of the Common Shares and Warrants.

Imputed Value of RX Gold Arrangement – The Offer of CDN$1.80 per Common Share represents a premium of 28% to the imputed offer price of CDN$1.41 per Common Share as of July 24, 2012 under the RX Gold Combination.

RX Gold's Assets - If U.S. Silver completed the RX Gold Arrangement, U.S. Silver Securityholders will have been diluted by 30%, and for this cost will have acquired a small property currently without its final permit, which property is undergoing evaluation mining that might transition to commercial production, but only with significant permit and capital cost risk.

Avoidance of Dilution – If U.S. Silver completed the RX Gold Arrangement, the combined entity will likely require substantial additional funds in the future to develop its projects. Additional equity financings, joint venture agreements or other transactions that are undertaken to raise funds could result in material dilution to existing U.S. Silver Securityholders and/or a reduction in the percentage ownership of its properties.

PURPOSE OF THE OFFER

The purpose of the Offer is to enable the Offeror to acquire, on the terms and subject to the conditions of the Offer, all of the outstanding Common Shares and Warrants. See Section 6 of the Circular, "Purpose of the Offer and Plans for U.S. Silver", and Section 11 of the Circular, "Acquisition of Securities Not Deposited".

CONDITIONS OF THE OFFER

The Offer is conditional upon, among other things: (i) there having been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Common Shares which, together with the Common Shares held by the Offeror and its affiliates (if any), represents not less than 66⅔% of the Common Shares outstanding (calculated on a Fully-Diluted Basis (as defined herein)); and (ii) there having been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Warrants which, together with the Warrants held by the Offeror and its affiliates (if any), represents not less than 66⅔% of the Warrants outstanding; and (iii) the shareholders of U.S. Silver not approving the special resolution in respect of the proposed combination transaction ("**RX Gold Arrangement**") with RX Gold & Silver Inc. as described in the management proxy circular of U.S. Silver dated July 9, 2012 or the RX Gold Arrangement otherwise being terminated; and (iv) the dollar amount of any break fees or other compensation payable to RX Gold & Silver Inc. in connection the RX Gold Arrangement are not greater than those currently contemplated in the combination agreement with RX Gold & Silver Inc., dated June 7, 2012 as amended on June 28, 2012, and otherwise unamended; and (v) the Offeror having determined that there shall not exist and shall not have occurred, and that the Offer if completed, will not be reasonably likely to cause or result in, a Material Adverse Effect (as defined herein); (vi) certain regulatory approvals will have been obtained; (vii) the expiration of any applicable waiting period under the HSR Act; and (viii) the Offeror and U.S. Silver not agreeing not to proceed with the acquisition of U.S. Silver by the Offeror pursuant to a plan of arrangement, amalgamation or other form of negotiated transaction. These and other conditions of the Offer are described in Section 4 of the Offer to Purchase, "Conditions of the Offer". Subject to applicable Laws, the Offeror reserves the right to withdraw the Offer and to not take up and pay for Common Shares and Warrants deposited under the Offer unless each of the conditions of the Offer is satisfied or waived at or prior to the Expiry Time. The Offer is not subject to any financing condition.

MANNER OF ACCEPTANCE

A Securityholder who wishes to accept the Offer must properly complete and execute the accompanying Letter of Transmittal (printed on **YELLOW** paper) and deposit it, at or prior to the Expiry Time, together with certificate(s) representing their Common Shares and Warrants and all other required documents, with the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal in accordance with the instructions in the Letter of Transmittal. See Section 3 of the Offer to Purchase, "Manner of Acceptance — Letter of Transmittal".

If a Securityholder wishes to accept the Offer and deposit its Common Shares and Warrants under the Offer and the certificate(s) representing such Securityholder's Common Shares and Warrants is (are) not immediately available, or if the certificate(s) and all other required documents cannot be provided to the Depositary at or prior to the Expiry Time, such Common Shares and Warrants nevertheless may be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on **PINK** paper), or a manually executed facsimile thereof, in accordance with the instructions in the Notice of Guaranteed Delivery. See Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery".

Securityholders may accept the Offer by following the procedures for book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Securityholders may also accept the Offer by following the procedure for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent's Message in respect thereof, or a Letter of Transmittal, properly completed and executed in accordance with the instructions therein, with the signatures guaranteed, if required, and all other required documents, are received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Securityholders accepting the Offer through book-entry transfer must make sure such documents or Agent's Message are received by the Depositary at or prior to the Expiry Time.

Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer.

Securityholders whose Common Shares and Warrants are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance if

they wish to accept the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Securityholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Securityholders should contact the Depositary, the Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and in depositing Common Shares and Warrants with the Depositary or Information Agent. The Depositary can be contacted at 1-800-564-6253 toll-free in North America, or at 1-514-982-7555 outside of North America, or by e-mail at corporateactions@computershare.com. The Information Agent can be contacted within North America toll-free at 1-800-322-2885 and outside of North America at +1 212 929 5500 (call collect), (800) 322-2885 (toll-free) or by e-mail at tenderoffer@mackenziepartnes.com.

TAKE-UP AND PAYMENT FOR DEPOSITED SECURITIES

If all of the conditions of the Offer described in Section 4 of the Offer to Purchase, "Conditions of the Offer", have been satisfied or waived by the Offeror at or prior to the Expiry Time, the Offeror will take up and pay for Common Shares and Warrants validly deposited under the Offer and not properly withdrawn not later than ten days after the Expiry Time. Any Common Shares and Warrants taken up will be paid for as soon as possible, and in any event not later than the earlier of (i) three business days after they are taken up and (ii) ten days after the Expiry Time. Any Common Shares and Warrants deposited under the Offer after the date upon which Common Shares and Warrants are first taken up under the Offer will be taken up and paid for not later than ten days after such deposit. See Section 6 of the Offer to Purchase, "Take-Up of and Payment for Deposited Securities".

WITHDRAWAL OF DEPOSITED SECURITIES

Common Shares and Warrants deposited under the Offer may be withdrawn by or on behalf of the depositing Securityholder at any time before the Common Shares and Warrants have been taken up by the Offeror under the Offer and in the other circumstances described in Section 7 of the Offer to Purchase, "Withdrawal of Deposited Securities". Except as so indicated or as otherwise required by applicable Laws, deposits of Common Shares and Warrants are irrevocable.

ACQUISITION OF SECURITIES NOT DEPOSITED

If within 120 days after the date of the Offer, the Offer is accepted by holders who in the aggregate hold not less than 90% of the issued and outstanding Common Shares, on a Fully-Diluted Basis, other than Common Shares held at the date of the Offer by or on behalf of us, or an affiliate or associate of us (as those terms are defined in the BCBCA), and we acquire or are bound to take up and pay for such Deposited Securities under the Offer, we may, at our option, acquire those Common Shares which remain outstanding held by those persons who did not accept the Offer pursuant to a Compulsory Acquisition. If a Compulsory Acquisition is not available or we choose not to avail ourselves of such statutory right of acquisition, we intend to pursue other means of acquiring the remaining Common Shares not tendered under the Offer pursuant to a Subsequent Acquisition Transaction. If we propose a Subsequent Acquisition Transaction, we intend to cause the Common Shares acquired under the Offer to be voted in favour of such a Subsequent Acquisition Transaction and, to the extent permitted by applicable Laws, to be counted as part of any minority approval that may be required in connection with such transaction. The timing and details of such a Subsequent Acquisition Transaction, if any, will necessarily depend on a variety of factors, including the number of Common Shares acquired pursuant to the Offer. If, after taking up Common Shares under the Offer, we own at least 66⅔% of the outstanding Common Shares on a Fully-Diluted Basis and sufficient votes are cast by "minority" holders to constitute a majority of the "minority" pursuant to MI 61-101, we should own sufficient Common Shares to be able to effect a Subsequent Acquisition Transaction. See Section 11 of the Circular, "Acquisition of Securities Not Deposited".

In accordance with and subject to the terms of the Warrant Indenture, concurrently with the Compulsory Acquisition, we intend to call a meeting of Warrantholders to pass an "extraordinary resolution". An "extraordinary resolution" is defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 50% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants,

and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the votes cast upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants entitled to acquire not less than 66⅔% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants. The purpose of the "extraordinary resolution" would be to obtain the requisite approval of Warrantholders to to amend the Warrant Indenture to permit a cashless exercise or to cancel the remaining Warrants for the dollar amount by which the exercise price of the Warrants exceeds the Offer price per Common Share. See Section 11 of the Circular, "Acquisition of Securities Not Deposited".

Securityholders who do not deposit their Common Shares and Warrants under the Offer will not be entitled to any right of dissent or appraisal. However, Securityholders who do not deposit their Common Shares and Warrants under the Offer may have certain rights of dissent in the event the Offeror acquires such Common Shares and Warrants by way of a Compulsory Acquisition or Subsequent Acquisition Transaction, including the right to seek judicial determination of the fair value of their Common Shares and Warrants. See Section 11 of the Circular, "Acquisition of Securities Not Deposited".

STOCK EXCHANGE LISTING

The Common Shares and Warrants are listed on the TSX under the symbols "USA" and "USA.WT", respectively. The Common Shares are also posted for trading on the OTCQX in the United States under the symbol "USSIF" and in Germany on the Frankfurt Stock Exchange under the symbol "QE2". "See Section 3 of the Circular, "Certain Information Concerning Securities of U.S. Silver". The purchase of Common Shares and Warrants by the Offeror under the Offer will reduce the number of Common Shares and Warrants that might otherwise trade publicly and will reduce the number of Securityholders and, depending on the number of Common Shares and Warrants acquired by the Offeror, could materially adversely affect the liquidity and market value of any remaining Common Shares and Warrants held by the public. Depending on the number of Common Shares and Warrants purchased by the Offeror under the Offer or otherwise, it is possible that the Common Shares and Warrants will fail to meet the criteria of the TSX for continued listing on the TSX. If the Offeror proceeds with a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Offeror intends to cause U.S. Silver to apply to delist the Common Shares and Warrants from the TSX as soon as practicable after completion of the Offer and such Compulsory Acquisition or Subsequent Acquisition Transaction. See Section 14 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Warrants and Status as a Reporting Issuer".

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Generally, a Securityholder who is resident in Canada, who deals at arm's length with and is not affiliated with the Offeror or U.S. Silver, who did not acquire Common Shares and Warrants pursuant to a stock option plan, who holds Common Shares and Warrants as capital property and who sells such securities to the Offeror under the Offer will realize a capital gain (or capital loss) equal to the amount by which the cash received, net of any reasonable costs of disposition, exceeds (or is less than) the aggregate adjusted cost base to the Securityholder of such Common Shares and Warrants.

Generally, Securityholders who are non-residents of Canada for the purposes of the Tax Act and who do not use or hold their Common Shares and Warrants in connection with carrying on a business in Canada will not be subject to tax in Canada in respect of any capital gain realized on the sale of Common Shares and Warrants to the Offeror under the Offer, unless those shares constitute "taxable Canadian property" to such Securityholder within the meaning of the Tax Act and that gain is not otherwise exempt from tax under the Tax Act pursuant to an exemption contained in an applicable income tax treaty.

The foregoing is a very brief summary of certain Canadian federal income tax consequences and is qualified in its entirety by Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations", which provides a summary of the principal Canadian federal income tax considerations generally applicable to Securityholders. Securityholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares and Warrants pursuant to the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction. Holders of Convertible Securities should consult their own tax advisors having regard to their own personal circumstances.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Generally, a U.S. Holder who disposes of Common Shares, Warrants, or Warrant Shares pursuant to a Share Acquisition will realize a taxable gain or loss for U.S. federal income tax purposes. The U.S. federal income tax treatment of such gain or loss to a U.S. Holder will depend, in part, upon (1) how long the U.S. Holder has held the Common Shares, Warrants, or Warrant Shares and (2)(a) whether U.S. Silver is or was a PFIC for any taxable year in which such U.S. Holder has held Common Shares, Warrants, or Warrant Shares and (b) whether such U.S. Holder has made any election under the PFIC rules. Backup withholding and information reporting may also apply to U.S. Holders participating in a Share Acquisition.

Generally, a Non-U.S. Holder who disposes of Common Shares, Warrants, or Warrant Shares pursuant to a Share Acquisition will realize a taxable gain or loss for U.S. federal income tax purposes only if (1) such Non-U.S. Holder is present in the United States for 183 days or more, (2) such Non-U.S. Holder in engaged in a trade or business in the United States and the Common Shares, Warrants, or Warrant Shares are effectively connected with that trade or business, or (3) the Common Shares, Warrants, or Warrant Shares are a United States real property interest, as discussed in Section 16 of the Circular. The U.S. federal income tax treatment of such gain or loss to a Non-U.S. Holder will depend, in part, upon whether (1) the Common Shares, Warrants, and Warrant Shares constitute a United States real property interest and (2) if they do not, whether such Non-U.S. Holder may claim the benefits of a United States income tax treaty, including the Convention. Withholding of 10% of the amount paid to a Non-U.S. Holder pursuant to any Share Acquisition, as described in Section 16 of the Circular, may also apply to Non-U.S. Holders participating in any Share Acquisition.

The foregoing is a very brief summary of certain United States federal income tax consequences of participating in any Share Acquisition and is qualified in its entirety by Section 16 of the Circular, "Certain United States Federal Income Tax Considerations", which provides a summary of certain material United States federal income tax considerations generally applicable to U.S. Holders and Non-U.S. Holders. U.S. Holders and Non-U.S. Holders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares, Warrants, and Warrant Shares pursuant to any Share Acquisition. Holders of Convertible Securities should consult their own tax advisors.

DEPOSITARY AND INFORMATION AGENT

The Offeror has engaged Computershare Investors Services Inc. to act as the Depositary to receive deposits of certificates representing Common Shares and Warrants and accompanying Letters of Transmittal deposited under the Offer at its office in Toronto, Ontario specified in the Letter of Transmittal. In addition, the Depositary will receive Notices of Guaranteed Delivery at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery. The Depositary will also be responsible for giving certain notices, if required, and for making payment for all Common Shares and Warrants purchased by the Offeror under the Offer. The Depositary will also facilitate book-entry transfers of Common Shares and Warrants. See Section 3 of the Offer to Purchase, "Manner of Acceptance", and Section 17 of the Circular, "Depositary and Information Agent".

The Offeror has also retained MacKenzie Partners, Inc. to act as Information Agent to provide information to Securityholders in connection with the Offer. MacKenzie Partners, Inc. will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer and will be reimbursed for certain out-of-pocket expenses. Section 17 of the Circular, "Depositary and Information Agent".

All questions regarding our Offer and to the voting of your Common Shares and Warrants should be directed to:

MACKENZIE PARTNERS, INC.

105 Madison Avenue
New York, New York 10016
Within the U.S. and Canada
Toll-free: (800) 322-2885

(212) 929-5500 (Call Collect)
or
Email: tenderoffer@mackenziepartners.com

FINANCIAL ADVISOR AND SOLICITING DEALER GROUP

Scotia Capital Inc. has been retained by the Offeror to act as financial advisor to the Offeror with respect to the Offer. Scotia Capital Inc. has also been retained as Dealer Manager to solicit acceptances of the Offer in Canada and Scotia Capital (USA) Inc. has been retained as Dealer Manager to solicit acceptances of the Offer in the United States. Scotia Capital Inc. has the right to form a Soliciting Dealer Group comprised of members of the Investment Industry Regulatory Organization of Canada and members of the TSX to solicit acceptances of the Offer from persons who are resident in Canada.

No fee or commission will be payable by any Securityholder who transmits such Securityholders Common Shares and Warrants directly to the Depositary or who makes use of the services of a Soliciting Dealer to accept the Offer.

See Section 18 of the Circular, "Financial Advisor and Soliciting Dealer Group".

GLOSSARY

This Glossary forms a part of the Offer to Purchase and Circular and Proxy Circular Supplement. In the Offer to Purchase and Circular, the Proxy Circular Supplement, the Letter of Transmittal and the Notice of Guaranteed Delivery, unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below, and grammatical variations thereof shall have the corresponding meanings:

"**affiliate**" has the meaning given to it in Part XX of the OSA or MI 62-104, as applicable;

"**Agent's Message**" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Acceptance by Book-Entry Transfer";

"**allowable capital loss**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations — Securityholders Resident in Canada — Sale Pursuant to the Offer";

"**ARC**" means an Advance Ruling Certificate issued under the Competition Act;

"**associate**" has the meaning given to it in Part XX of the OSA or MI 62-104, as applicable;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended from time to time;

"**Board of Directors**" means the board of directors of U.S. Silver;

"**Book-Entry Confirmation**" means confirmation of a book-entry transfer of a Securityholder's Common Shares and Warrants into the Depositary's account at CDS or DTC, as applicable;

"**business combination**" has the meaning given to it in MI 61-101;

"**business day**" means any day other than a Saturday, a Sunday or a statutory holiday in any province or territory in Canada;

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time;

"**CDS**" means CDS Clearing and Depository Services Inc. or its nominee, which at the date hereof is CDS & Co.;

"**CDSX**" means the CDS on-line tendering system pursuant to which book-entry transfers may be effected;

"**Circular**" means the circular accompanying and forming part of the Offer;

"**Code**" has the meaning given to it in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations";

"**Commissioner**" means the Commissioner of Competition appointed under the Competition Act or any person duly authorized to perform duties on behalf of the Commissioner of Competition;

"**Common Shares**" means the issued and outstanding common shares of U.S. Silver, including common shares of U.S. Silver issued on the exercise, exchange or conversion of Convertible Securities, and "**Common Share**" means any one common share of U.S. Silver;

"**Competition Act**" means the *Competition Act* (Canada);

"**Competition Tribunal**" means the tribunal organized under the Competition Act;

"**Compulsory Acquisition**" has the meaning given to it in Section 11 of the Circular, "Acquisition of Securities Not Deposited — Compulsory Acquisition";

"**Convention**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations — Securityholders Not Resident in Canada — Disposition of Common Shares Pursuant to a Subsequent Acquisition Transaction";

"**Convertible Securities**" means any securities of U.S. Silver that are exercisable or exchangeable for or convertible into Common Shares, including the Options but excluding the Warrants;

"**Combination Agreement**" means the combination agreement made between U.S. Silver and RX Gold dated June 7, 2012;

"**Dealer Manager**" means Scotia Capital Inc. in Canada and Scotia Capital (USA) Inc. in the United States;

"**Depositary**" means Computershare Investors Services Inc., which can be contacted at 1-800-564-6253 toll-free in North America, or at 1-514-982-7555 outside of North America, or by e-mail at corporateactions@computershare.com;

"**Deposited Securities**" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Dividends and Distributions";

"**Dissenting Offeree**" has the meaning given to it in Section 11 of the Circular, "Acquisition of Securities Not Deposited — Compulsory Acquisition";

"**Distributions**" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Dividends and Distributions";

"**DTC**" means The Depositary Trust Company or its nominee, which at the date hereof is Cede & Co.;

"**Effective Time**" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Power of Attorney";

"**Eligible Institution**" means a Canadian Schedule I chartered bank, or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, including certain trust companies in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Medallion Signature Program (MSP);

"**Entities**" has the meaning given to it in Section 4 of the Offer to Purchase, "Conditions of the Offer";

"**Expiry Time**" means 5:00 p.m. (Toronto time) on August 31, 2012, or such later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer";

"**Extended Offeror Group**" has the meaning given to it in Section 8 of the Circular, "Ownership and Trading in Securities of U.S. Silver";

"**Fully-Diluted Basis**" means, with respect to the number of outstanding Common Shares at any time, the number of Common Shares that would be outstanding if all Warrants and Convertible Securities, whether vested or unvested, were exercised, exchanged or converted other than any issued and outstanding Options that have an exercise price that exceeds the Offer price per Common Share;

"**Galena Project**" means the Galena Mine and Mill, the Coeur Mill located in the Coeur d'Alene Mining District in northern Idaho, United States;

"**Hecla**" means Hecla Mining Company, a corporation existing under the Laws of the State of Delaware, United States;

"**Holder**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"**HSR Act**" means the *United States Hart-Scott-Rodino Antitrust Improvements Act of 1976* and the rules and regulations promulgated thereunder, as amended from time to time;

"**HSR Act Clearance**" means that any waiting period under the HSR Act applicable to the acquisition by the Offeror of all of the Securities, as contemplated by the Offer, shall have expired or been terminated;

"**Information Agent**" means MacKenzie Partners, Inc., which can be contacted within North America toll-free at 1-800-322-2285 and outside of North America at +1-212-929-550 (call collect), (800) 322-2885 (toll-free) or by e-mail attenderoffer@mackenziepartners.com;

"**insider**" has the meaning given to it in the OSA or MI 62-104, as applicable;

"**IRS**" has the meaning given to it in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations";

"**Laws**" means any applicable laws, including international, national, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, by-laws, rules, regulations, policies, directives or other requirements of any Regulatory Authority having the force of law and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are applicable to such person or its business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

"**Letter of Transmittal**" means the letter of transmittal in the form accompanying the Offer (printed on **YELLOW** paper);

"**Mark-to-Market Election**" has the meaning given to it in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations —Disposition of Common Shares Pursuant to the Offer —PFIC Status—Mark-to-Market Election";

"**Material Adverse Effect**" means any condition, event, circumstance, change, effect, development, occurrence or state of facts which, when considered either individually or in the aggregate, (i) is, or could reasonably be expected to be, material and adverse to the assets, liabilities (whether absolute, accrued, conditional or otherwise and

including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operations, results of operations, financial condition or prospects of U.S. Silver, its subsidiaries and its material joint ventures, taken as a whole, or the continued ownership, exploration, development and operation of the Galena Project or U.S. Silver's other properties, could reasonably be expected to reduce the anticipated economic value to the Offeror of the acquisition of the Common Shares and Warrants or make it inadvisable for, or impair the ability of, the Offeror to proceed with the Offer and/or with taking up and paying for Common Shares and Warrants deposited under the Offer or completing a Compulsory Acquisition or Subsequent Acquisition Transaction, or (iii) could, if the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction were consummated, be material and adverse to the Offeror or any of its affiliates or which could limit, restrict or impose limitations or conditions on the ability of the Offeror or any of its affiliates to own, operate or effect control over U.S. Silver or any material portion of the business or assets of U.S. Silver or its subsidiaries or material joint ventures or would compel the Offeror or any of its affiliates to dispose of or hold separate any material portion of the business or assets of U.S. Silver or its subsidiaries or material joint ventures;

"**MI 61-101**" means Multilateral Instrument 61-101— *Protection of Minority Security Holders in Special Transactions*, as amended or replaced from time to time;

"**MI 62-104**" means Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids*, as amended or replaced from time to time;

"**Minimum Tender Condition**" has the meaning given to it in Section 4 of the Offer to Purchase, "Conditions of the Offer";

"**NI 51-102**" means National Instrument — 51-102 *Continuous Disclosure Obligations*, as amended or replaced from time to time;

"**Non-Resident Holder**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations — Securityholders Not Resident in Canada";

"**Non-U.S. Holder**" has the meaning given to it in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations";

"**Notice of Guaranteed Delivery**" means the notice of guaranteed delivery in the form accompanying the Offer (printed on **YELLOW** paper);

"**Notifiable Transaction**" has the meaning given to it in Section 13 of the Circular, "Regulatory Matters";

"**Offer**" means the offer to purchase Common Shares and Warrants made hereby to the Securityholders pursuant to the terms and subject to the conditions set out herein;

"**Offer to Purchase and Circular**" means the Offer and the Circular, including the Questions and Answers, the Summary and the Glossary;

"**Offeror**" means Hecla Acquisition ULC, a corporation existing under the BCBCA;

"**Offeror Group**" has the meaning given to it in Section 8 of the Circular, "Ownership and Trading in Securities of U.S. Silver";

"**Offeror's Notice**" has the meaning given to it in Section 11 of the Circular, "Acquisition of Securities Not Deposited — Compulsory Acquisition";

"**Options**" means the options to acquire Common Shares granted pursuant to the Stock Option Plan;

"**Ordinary Course**" means, with respect to an action taken by U.S. Silver or any of its subsidiaries, that such action is consistent with past practices of U.S. Silver and is taken in the ordinary course of the normal day-to-day

operations of U.S. Silver, provided that any actions and omissions to act undertaken in the furtherance of the transactions contemplated by the Offer shall be deemed to be in the Ordinary Course;

"**OSA**" means the *Securities Act* (Ontario), as amended from time to time;

"**OSC Rule 62-504**" means Ontario Securities Commission Rule 62-504—*Take-Over Bids and Issuer Bids*, as amended or replaced from time to time;

"**PFIC**" has the meaning given to it in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations — Passive Foreign Investment Companies";

"**Proposed Amendments**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"**Purchased Securities**" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Power of Attorney";

"**Redeemable Shares**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations — Securityholders Resident in Canada — Subsequent Acquisition Transaction";

"**Regulatory Authority**" means:

(a) any multinational or supranational body or organization, nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission, instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) or taxing authority thereof, or any ministry or department or agency of any of the foregoing;

(b) any self-regulatory organization or stock exchange, including, without limitation, the TSX;

(c) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; and

(d) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of such entities or other bodies;

"**Resident Holder**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations — Securityholders Resident in Canada";

"**RX Gold**" means RX Gold & Silver Inc.;

"**RX Gold Arrangement**" means the proposed combination transaction to be completed between U.S. Silver and RX Gold pursuant to the Combination Agreement, as more fully described in the U.S. Silver Combination Circular;

"**SEC**" means the U.S. Securities and Exchange Commission;

"**Securities Regulatory Authorities**" means the TSX, the applicable securities commission or similar regulatory authorities in each of the provinces and territories of Canada, and the SEC;

"**Securityholders**" means collectively the Shareholders and the Warrantholders;

"**SEDAR**" means the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval website at www.sedar.com;

"**Share Acquisition**" has the meaning given to it in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations";

"**Shareholders**" means, collectively, the holders of Common Shares;

"**Soliciting Dealer**" has the meaning given to it in Section 18 of the Circular, "Financial Advisor and Soliciting Dealer Group";

"**Soliciting Dealer Group**" has the meaning given to it in Section 18 of the Circular, "Financial Advisor and Soliciting Dealer Group";

"**Stock Option Plan**" means the stock option plan for U.S. Silver;

"**Subsequent Acquisition Transaction**" has the meaning given to it in Section 11 of the Circular, "Acquisition of Securities Not Deposited — Subsequent Acquisition Transaction";

"**subsidiary**" means, with respect to a person, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned or over which voting control or direction is exercised, directly or indirectly, by such person and shall include any body corporate, partnership, trust, joint venture or other entity over which such person exercises direction or control or which is in a like relation to a subsidiary;

"**Supplementary Information Request**" has the meaning given to it in Section 13 of the Circular, "Regulatory Matters";

"**take up**", in reference to Common Shares and Warrants, means to accept such Common Shares and Warrants for payment by giving written notice of such acceptance to the Depositary and "**take-up**", "**taking up**" and "**taken up**" have corresponding meanings;

"**taxable capital gain**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations — Securityholders Resident in Canada — Sale Pursuant to the Offer";

"**Tax Act**" has the meaning given to it in Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"**TSX**" means the Toronto Stock Exchange;

"**US$**" means United States dollars;

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;

"**U.S. Holder**" has the meaning given to it in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations";

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**U.S. Silver**" means U.S. Silver Corporation, a corporation existing under the CBCA;

"**U.S. Silver Combination Circular**" means the management proxy and information circular of U.S. Silver dated July 9, 2012, in respect of the U.S. Silver Special Meeting;

"**U.S. Silver Special Meeting**" means the special meeting of Shareholders to be held on August 7, 2012, whereby the Shareholders will be asked to consider and vote on the U.S. Silver Special Resolution;

"**U.S. Silver Special Resolution**" means the special resolution of Shareholders to be voted on at the U.S. Silver Special Meeting authorizing the RX Gold Arrangement;

"**Warrant Agent**" means Equity Transfer and Trust Company;

"**Warrant Expiry Time**" means July 16, 2014;

"**Warrantholders**" means, collectively, the holders of Warrants;

"**Warrant Indenture**" means the warrant indenture pursuant to which the Warrants were created and issued dated July 16, 2009 between U.S. Silver and the Warrant Agent;

"**Warrants**" means issued and outstanding common share purchase warrants of U.S. Silver; and

"**Warrant Shares**" means the Common Shares issuable on the exercise of the Warrants.

OFFER TO PURCHASE

The accompanying Circular and Proxy Circular Supplement, which is incorporated into and forms part of the Offer to Purchase, contains important information that should be read carefully before making a decision with respect to the Offer. Unless the context otherwise requires, terms used but not defined in the Offer to Purchase have the respective meanings given to them in the accompanying Glossary.

July 26, 2012

TO: THE SHAREHOLDERS AND WARRANTHOLDERS OF U.S. SILVER CORPORATION

1. The Offer

The Offeror hereby offers to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares and Warrants (other than Common Shares owned by the Offeror or any of its affiliates) and any Common Shares that may become issued and outstanding after the date of the Offer but before the Expiry Time of the Offer upon the exercise, exchange or conversion of Options, Warrants or other Convertible Securities, at a price of CDN$1.80 in cash per Common Share and CDN$0.205 in cash per Warrant.

The Offer is being made only for Common Shares and Warrants and is not made for any Options or other Convertible Securities. Any holder of Options or other Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert such Options or other Convertible Securities in order to obtain certificates representing Common Shares and deposit those Common Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will have the certificates representing the Common Shares received on such exercise, exchange or conversion available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery".

The Offer of CDN$1.80 per Common Share represents a premium of over 23% of the closing price of the Common Shares of CDN$1.46 on July 24, 2012 and a premium of 30% over the 20-day volume-weighted average trading price of the Common Shares on the TSX as of July 24, 2012. This Offer price of CDN$1.80 per Common Share represents a premium of 28% to the imputed Offer price of CDN$1.41 per Common Share as of July 24, 2012 under the RX Gold Arrangement.

The obligation of the Offeror to take up and pay for Common Shares and Warrants pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer to Purchase, "Conditions of the Offer".

All amounts payable under the Offer will be paid in Canadian dollars.

Securityholders who do not deposit their Common Shares and Warrants under the Offer will not be entitled to any right of dissent or appraisal. However, Securityholders who do not deposit their Common Shares and Warrants under the Offer may have certain rights of dissent in the event the Offeror acquires such Common Shares and Warrants by way of a Compulsory Acquisition or Subsequent Acquisition Transaction, including the right to seek judicial determination of the fair value of their Common Shares and Warrants. See Section 12 of the Circular, "Acquisition of Securities Not Deposited".

Securityholders should contact the Depositary, the Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and in depositing Common Shares and Warrants with the Depositary. Securityholders should contact the Depositary, the Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and in depositing Common Shares and Warrants with the Depositary or Information Agent. The Depositary can be contacted at 1-800-564-6253 toll-free in North America, or at 1-514-982-7555 outside of North America, or by e-mail at corporateactions@computershare.com. The Information Agent can be contacted within North America toll-free at 1-800-322-2885 and outside of North

America at +1 212 929 5500 (call collect), (800) 322-2885 (toll-free) or by e-mail at tenderoffer@mackenziepartnes.com.

Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer.

Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer.

Securityholders whose Common Shares and Warrants are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in depositing their Common Shares and Warrants.

Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Securityholders must instruct their brokers or other intermediaries promptly if they wish to tender.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Securityholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Securityholders in any such jurisdiction.

2. Time for Acceptance

The Offer is open for acceptance from the date of the Offer until 5:00 p.m. (Toronto time) on August 31, 2012, or such later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer", unless the Offer is withdrawn by the Offeror.

3. Manner of Acceptance

Letter of Transmittal

The Offer may be accepted by delivering to the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal (printed on **YELLOW** paper) accompanying the Offer, so as to be received at or prior to the Expiry Time:

(a) certificate(s) representing the Common Shares and Warrants in respect of which the Offer is being accepted;

(b) a Letter of Transmittal in the form accompanying the Offer, properly completed and executed in accordance with the instructions set out in the Letter of Transmittal (including signature guarantee if required); and

(c) all other documents required by the terms of the Offer and the Letter of Transmittal.

Participants in CDS or DTC should contact the Depositary with respect to the deposit of their Common Shares and Warrants under the Offer. The Offeror understands that CDS and DTC will be issuing instructions to their participants as to the method of depositing such Common Shares and Warrants under the terms of the Offer.

Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer.

The signature on the Letter of Transmittal must be guaranteed by an Eligible Institution or in some other manner acceptable to the Depositary (except that no guarantee is required for the signature of a depositing Securityholder which is an Eligible Institution) if it is signed by a person other than the registered owner(s) of the Common Shares and Warrants being deposited, or if the Common Shares and Warrants not purchased are to be returned to a person other than such registered owner(s) or sent to an address other than the address of the registered owner(s) as shown on the registers of U.S. Silver, or if payment is to be issued in the name of a person other than the registered owner(s) of the Common Shares and Warrants being deposited. If a Letter of Transmittal is executed by a person other than the registered holder of the Common Shares and Warrants represented by the certificate(s) deposited therewith, then the certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel or share transfer power of attorney guaranteed by an Eligible Institution.

The Offer will be deemed to be accepted only if the Depositary has actually received these documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Alternatively, Common Shares and Warrants may be deposited under the Offer in compliance with the procedures for guaranteed delivery set out below under the heading "— Procedure for Guaranteed Delivery" or in compliance with the procedures for book-entry transfers set out below under the heading "— Acceptance by Book-Entry Transfer".

Procedure for Guaranteed Delivery

If a Securityholder wishes to deposit Common Shares and Warrants pursuant to the Offer and (i) the certificate(s) representing such Common Shares and Warrants is (are) not immediately available, (ii) the Securityholder cannot complete the procedure for book-entry transfer of the Common Shares and Warrants on a timely basis, or (iii) the certificates and all other required documents cannot be delivered to the Depositary at or prior to the Expiry Time, such Common Shares and Warrants may nevertheless be deposited under the Offer provided that all of the following conditions are met:

(a) the deposit is made by or through an Eligible Institution;

(b) a properly completed and executed Notice of Guaranteed Delivery (printed on **PINK** paper) in the form accompanying the Offer, or a manually executed facsimile thereof, including the guarantee of delivery by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depositary at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time; and

(c) the certificate(s) representing all Deposited Securities, in proper form for transfer, together with a Letter of Transmittal, or a manually executed facsimile thereof, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal (including signature guarantee, if required), or, in the case of a book-entry transfer, a Book-Entry Confirmation with respect to such Deposited Securities and, in the case of DTC accounts, a Letter of Transmittal, or a manually executed facsimile thereof, properly completed and duly executed (including signature guarantee, if required), or an Agent's Message in lieu of a Letter of Transmittal, and all other documents required by the terms of the Offer and the Letter of Transmittal, are received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal prior to 5:00 p.m. (Toronto time) on the third trading day on the TSX after the Expiry Time.

The Notice of Guaranteed Delivery must be delivered by hand or courier or transmitted by facsimile or mailed to the Depositary at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time and must include a guarantee by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery. Delivery of the Notice of Guaranteed Delivery and the Letter of Transmittal and accompanying certificate(s) representing Common Shares and Warrants and all other required documents to an address or transmission by facsimile to a facsimile number other than those specified in the Notice of Guaranteed Delivery does not constitute delivery for purposes of satisfying a guaranteed delivery.

Acceptance by Book-Entry Transfer

Securityholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Securityholders Common Shares and Warrants into the Depositary's account in accordance with CDS procedures for such transfer. Delivery of Common Shares and Warrants to the Depositary by means of a book-entry transfer will constitute a valid deposit of such Common Shares and Warrants under the Offer.

Securityholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and therefore such instructions received by the Depositary is considered a valid deposit under and in accordance with the terms of the Offer.

Securityholders may also accept the Offer by following the procedures for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent's Message (as described below) in respect thereof or a properly completed and executed Letter of Transmittal (including signature guarantee if required) and all other required documents, are received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary has established an account at DTC for the purpose of the Offer. Any financial institution that is a participant in DTC may cause DTC to make a book-entry transfer of a Securityholders' Common Shares and Warrants into the Depositary's account in accordance with DTC's procedures for such transfer. However, although delivery of Common Shares and Warrants may be effected through book-entry transfer at DTC, either an Agent's Message in respect thereof, or a Letter of Transmittal (or a manually executed facsimile thereof), properly completed and executed (including signature guarantee if required), and all other required documents, must, in any case, be received by the Depositary, at its office in Toronto, Ontario at or prior to the Expiry Time. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the Depositary. Such documents or Agent's Message should be sent to the Depositary.

The term "**Agent's Message**" means a message, transmitted by DTC to, and received by, the Depositary and forming part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgement from the participant in DTC depositing the Common Shares and Warrants which are the subject of such Book-Entry Confirmation that such participant has received and agrees to be bound by the terms of the Letter of Transmittal as if executed by such participant and that the Offeror may enforce such agreement against such participant.

General

The Offer will be deemed to be accepted by a Securityholder only if the Depositary has actually received the requisite documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. In all cases, payment for Common Shares and Warrants deposited and taken up by the Offeror will be made only after timely receipt by the Depositary of (i) the certificate(s) representing the Common Shares and Warrants (or, in the case of a book-entry transfer to the Depositary, a Book-Entry Confirmation for the Common Shares and Warrants), (ii) a Letter of Transmittal, properly completed and duly executed, covering those Common Shares and Warrants with the signatures guaranteed, if required, in accordance with the instructions set out in the Letter of Transmittal, or in the case of Common Shares and Warrants deposited by book-entry transfer, a Book-Entry Confirmation and, in the case of DTC accounts, a Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in respect thereof, and (iii) all other required documents.

The method of delivery of certificates representing Common Shares and Warrants, the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the person depositing such documents. The Offeror recommends that all such documents be delivered by hand to the Depositary and a receipt be obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depositary at or prior to the Expiry Time. Delivery will only be effective upon actual physical receipt by the Depositary.

All questions as to the validity, form, eligibility (including, without limitation, timely receipt) and acceptance of any Common Shares and Warrants deposited pursuant to the Offer will be determined by the Offeror in its sole discretion. Depositing Securityholders agree that such determination shall be final and binding. The Offeror reserves the absolute right to reject any and all deposits which it determines not to be in proper form or which may be unlawful to accept under the Laws of any applicable jurisdiction. The Offeror reserves the absolute right to waive any defects or irregularities in any deposit of any Common Shares and Warrants. There shall be no duty or obligation on the Offeror, the Depositary, or any other person to give notice of any defects or irregularities in any deposit and no liability shall be incurred by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer, the Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and any other related documents will be final and binding.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set out in this Section 3.

Under no circumstance will interest accrue or any amount be paid by the Offeror or the Depositary by reason of any delay in making payments for Common Shares and Warrants to any person on account of Common Shares and Warrants accepted for payment under the Offer.

Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer.

Securityholders whose Common Shares and Warrants are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in depositing their Common Shares and Warrants if they wish to accept the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Securityholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Securityholders should contact the Depositary, the Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and in depositing Common Shares and Warrants with the Depositary.

Dividends and Distributions

Subject to the terms and conditions of the Offer and subject, in particular, to Common Shares and Warrants being validly withdrawn by or on behalf of a depositing Securityholder, and except as provided below, by accepting the Offer pursuant to the procedures set out herein, a Securityholder deposits, sells, assigns and transfers to the Offeror all right, title and interest in and to the Common Shares and Warrants covered by the Letter of Transmittal or book-entry transfer (collectively, the "**Deposited Securities**") and in and to all rights and benefits arising from such Deposited Securities including, without limitation, any and all dividends, distributions, payments, securities, property or other interests that may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Securities or any of them on and after the date of the Offer, including, without limitation, any dividends, distributions or payments on such dividends, distributions, payments, securities, property or other interests (collectively, "**Distributions**").

Power of Attorney

The execution of a Letter of Transmittal (or, in the case of Common Shares and Warrants deposited by book-entry transfer by the making of a book-entry transfer) irrevocably constitutes and appoints, effective at and after the time (the "**Effective Time**") that the Offeror takes up the Deposited Securities, each director and officer of the Offeror, and any other person designated by the Offeror in writing, as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the Deposited Securities (which Deposited Securities upon being taken up are, together with any Distributions thereon, hereinafter referred to as the "**Purchased Securities**") with respect to such Purchased Securities, with full power of substitution (such powers of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Securityholder:

(a) to register or record the transfer and/or cancellation of such Purchased Securities, to the extent consisting of securities, on the appropriate securities registers maintained by or on behalf of U.S. Silver;

(b) for so long as any such Purchased Securities are registered or recorded in the name of such Securityholder, to exercise any and all rights of such Securityholder including, without limitation, the right to vote, to execute and deliver (provided the same is not contrary to applicable Laws), as and when requested by the Offeror, any and all instruments of proxy, authorizations or consents in form and on terms satisfactory to the Offeror in respect of any or all Purchased Securities, to revoke any such instruments, authorizations or consents given prior to or after the Effective Time, and to designate in any such instruments, authorizations or consents any person or persons as the proxyholder of such Securityholder in respect of such Purchased Securities for all purposes including, without limitation, in connection with any meeting or meetings (whether annual, special or otherwise, or any adjournments thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of U.S. Silver;

(c) to execute, endorse and negotiate, for and in the name of and on behalf of such Securityholder, any and all cheques or other instruments representing any Distributions payable to or to the order of, or endorsed in favour of, such Securityholder; and

(d) to exercise any other rights of a Securityholder with respect to such Purchased Securities, all as set out in the Letter of Transmittal.

A Securityholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the Securityholder at any time with respect to the Deposited Securities or any Distributions. Such depositing Securityholder agrees that no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise will be granted with respect to the Deposited Securities or any Distributions by or on behalf of the depositing Securityholder unless the Deposited Securities are not taken up and paid for under the Offer or are withdrawn in accordance with Section 7 of the Offer to Purchase, "Withdrawal of Deposited Securities".

NOTE: This Power of Attorney does not permit the Offeror to vote on the RX Gold Proposal at the U.S. Silver Special Meeting. Accordingly, Shareholders still need to complete and submit the BLUE proxy.

Further Assurances

A Securityholder accepting the Offer covenants under the terms of the Letter of Transmittal (including by book-entry transfer) to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Securities to the Offeror. Each authority therein conferred or agreed to be conferred is, to the extent permitted by applicable Laws, irrevocable and may be exercised during any subsequent legal incapacity of such Securityholder and shall, to the extent permitted by applicable Laws, survive the death or incapacity, bankruptcy or insolvency of the Securityholder and all obligations of the Securityholder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Securityholder.

Formation of Agreement; Securityholder's Representations and Warranties

The acceptance of the Offer pursuant to the procedures set out above constitutes a binding agreement between a depositing Securityholder and the Offeror, effective immediately following the time at which the Offeror takes up the Common Shares and Warrants deposited by such Securityholder, in accordance with the terms and conditions of the Offer and the Letter of Transmittal. This agreement includes a representation and warranty by the depositing Securityholder that (i) the person signing the Letter of Transmittal or on whose behalf a book-entry transfer is made has full power and authority to deposit, sell, assign and transfer the Deposited Securities and all rights and benefits arising from such Deposited Securities including, without limitation, any Distributions, (ii) the person signing the

Letter of Transmittal or on whose behalf a book-entry transfer is made owns the Deposited Securities and any Distributions deposited under the Offer, the Deposited Securities and Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Securities or Distributions, to any other person, the deposit of the Deposited Securities and Distributions complies with applicable Laws, and (iii) when the Deposited Securities and Distributions are taken up and paid for by the Offeror, the Offeror will acquire good title thereto (and to any Distributions), free and clear of all security interests, liens, restrictions, charges, encumbrances, claims and rights of others.

4. Conditions of the Offer

Notwithstanding any other provision of the Offer, but subject to applicable Laws, and in addition to (and not in limitation of) the Offeror's right to vary or change the Offer at any time prior to the Expiry Time pursuant to Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer", the Offeror will have the right to withdraw the Offer and not take up nor pay for any Common Shares and Warrants deposited under the Offer, and will have the right to extend the period of time during which the Offer is open for acceptance, unless all of the following conditions are satisfied, as determined in the Offeror's sole judgment, or waived by the Offeror at or prior to the Expiry Time:

(a) there shall have been validly deposited under the Offer and not withdrawn:

(i) that number of Common Shares which, together with any Common Shares owned by the Offeror or its affiliates (if any), represents not less than 66⅔% of the Common Shares outstanding on a Fully-Diluted Basis, and

(ii) there having been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Warrants which, together with the Warrants held by the Offeror and its affiliates (if any), represents not less than 66⅔% of the Warrants outstanding;

(collectively, the "**Minimum Tender Condition**");

(b) the Shareholders shall not have approved the U.S. Silver Special Resolution at the U.S. Silver Special Meeting or the RX Gold Arrangement shall have otherwise terminated;

(c) the dollar amount of any break fee or other compensation payable to RX Gold in connection with the RX Gold Arrangement, is not increased from the amount currently contemplated in the Combination Agreement;

(d) the Offeror shall have determined that neither U.S. Silver nor any of its subsidiaries or associates or other entities in which it has a direct or indirect interest (collectively, "**Entities**") shall have taken or proposed to take any action, or disclosed any previously undisclosed action taken by any of them, and no other person shall have taken any action, that might result in a Material Adverse Effect;

(e) there shall not exist and shall not have occurred (or, if there does exist or shall have occurred prior to the commencement of the Offer, there shall not have been disclosed, generally or to the Offeror in writing, or the Offeror shall not otherwise have discovered), and the Offer, if completed, will not be reasonably likely to cause or result in, a Material Adverse Effect;

(f) all government or regulatory consents, authorizations, waivers, permits, reviews, orders, rulings, decisions, approvals, waiting periods or exemptions (including, without limitation, those of any stock exchange or other Securities Regulatory Authorities) that are necessary or desirable to:

(i) complete the Offer and the acquisition of Common Shares and Warrants; and

(ii) to prevent or avoid the occurrence of a Material Adverse Effect as a result of the completion of the Offer, a Compulsory Acquisition or Subsequent Acquisition Transaction,

shall have been obtained or concluded on terms and conditions satisfactory to the Offeror, and/or all regulatory notice, waiting or suspensory periods in respect of the foregoing shall have expired or been terminated;

(g) without limiting the scope of the condition in paragraph (e) or (f), the HSR Clearance shall have occurred;

(h) the Offeror shall have determined that:

(i) no act, action, suit or proceeding shall have been threatened, taken or commenced by or before, and no judgement or order shall have been issued by, any domestic or foreign elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or other entity), any governmental agency or regulatory authority or administrative agency or commission in Canada, the United States or elsewhere, any domestic or foreign court, tribunal or other regulatory authority or any other person in any case, whether or not having the force of Law; or

(ii) no Laws shall have been proposed, enacted, promulgated, amended or applied, in either case to cease trade, enjoin, prohibit or impose material limitations or conditions on or make materially more costly the making of the Offer, the purchase by or the sale to the Offeror of the Common Shares and Warrants, the right of the Offeror to own or exercise full rights of ownership over the Common Shares and Warrants or the consummation of any Compulsory Acquisition or Subsequent Acquisition Transaction or which could have any such effect,

in either case, which has had or could have a Material Adverse Effect in respect of U.S. Silver or a has had or could have material effect on the Offeror or Hecla, as the case may be;

(i) the Offeror shall have determined that there shall not exist any prohibition at Law against the Offeror making the Offer or taking up and paying for Common Shares and Warrants deposited under the Offer or completing any Compulsory Acquisition or Subsequent Acquisition Transaction;

(j) U.S. Silver or any of its subsidiaries shall not have authorized, proposed or announced an intention to effect and shall not have entered into any agreement, arrangement, commitment, proposal, offer or understanding with respect to, and there shall not have occurred:

(i) any purchase, licence, lease or acquisition of an interest in assets other than in the Ordinary Course;

(ii) any sale, licence, lease, pledge or disposition of an interest in assets other than in the Ordinary Course;

(iii) any amendment to their respective articles or by-laws;

(iv) any material capital expenditures, except material capital expenditures in respect of which U.S. Silver or any of its subsidiaries have entered into legally binding agreements to incur in the Ordinary Course prior to July 9, 2012;

(v) any change in the compensation of any director, officer, consultant or employee of U.S. Silver after July 9, 2012, including entering into, instituting, modifying or terminating

any agreement, arrangement or benefit plan with any directors, officers, consultants or employees other than any such agreement or arrangement entered into in the Ordinary Course with any employee other than an employee or consultant that is a director or officer of U.S. Silver;

(vi) any release, relinquishment or impairment of, or any threat to, any material contractual rights, leases, licences or other statutory rights;

(vii) agreeing to guarantee the payment of any material amount of indebtedness of a third party;

(viii) declaring, paying, authorizing or making any distribution or payment of or on any of its securities, other than in the Ordinary Course;

(ix) any change to the capitalization of U.S. Silver or any of its subsidiaries, including any issuance, authorization, adoption or proposal regarding the issuance of, or purchase, or proposal to purchase, any Common Shares, Warrants or Convertible Securities (other than pursuant to the exercise of Options, Warrants or other Convertible Securities issued prior to July 9, 2012);

(x) any take-over bid or tender offer (including, without limitation, an issuer bid or self-tender offer) or exchange offer, merger, amalgamation, plan of arrangement, reorganization, consolidation, business combination, reverse take-over, sale of substantially all of its assets, sale of securities, recapitalization, liquidation, dissolution, winding up or similar transaction involving U.S. Silver or any of its subsidiaries or any other transaction the consummation of which would or could reasonably be expected to have a Material Adverse Effect; and

(xi) any material joint venture, other mutual co-operation agreement or distribution agreement;

(k) no property, right, franchise or licence of U.S. Silver or any of its subsidiaries, associates or Entities shall have been impaired (or threatened to be impaired) or otherwise adversely affected (or threatened to be adversely affected), whether as a result of the making of the Offer, the taking up and paying for Common Shares and Warrants deposited under the Offer, the completion of a Compulsory Acquisition or Subsequent Acquisition Transaction, or otherwise;

(l) the Offeror shall have determined in its sole discretion that neither U.S. Silver, nor any of its affiliates, nor any of their respective directors or officers has taken or proposed to take any action (including, without limitation, the implementation of any defensive tactic), failed to take any action or publicly disclosed that it intends to take any action, and the Offeror shall not have otherwise learned of any previous action taken by U.S. Silver or any of its affiliates which had not been publicly disclosed prior to the announcement by the Offeror of its intention to make the Offer, which, in the sole judgment of the Offeror, might make it inadvisable for the Offeror to proceed with the Offer and/or take up and pay for Common Shares and Warrants under the Offer or complete any Subsequent Acquisition Transaction, or that would be materially adverse to the business of U.S. Silver and its subsidiaries or to the value of the Common Shares and Warrants to the Offeror, in each case unless acceptable to the Offeror;

(m) the Offeror shall have determined that there shall not exist (i) any term, covenant or condition in any of the instruments or agreements to which any of U.S. Silver, its subsidiaries, associates or Entities is a party or to which they or any of their properties or assets are subject that might make it inadvisable for the Offeror to proceed with the Offer or with taking up and paying for Common Shares and Warrants deposited under the Offer, or (ii) any other term, covenant or condition that may be breached or result in a default or permit third parties to exercise any rights against any of

U.S. Silver or its subsidiaries, associates or Entities which would have an adverse effect on U.S. Silver or any of its subsidiaries, associates or Entities as a result of the Offeror making the Offer or acquiring Common Shares and Warrants deposited under the Offer or completing a Compulsory Acquisition or Subsequent Acquisition Transaction;

(n) the Offeror shall have determined that there shall not have occurred, developed or come into effect or existence any event, action, state, condition or financial occurrence of national or international consequence, or any Law, regulation, action, government regulation, inquiry or other occurrence of any nature whatsoever that adversely affects or involves, or may adversely affect or involve, the financial markets in Canada or the United States generally or that has made or may make it inadvisable for the Offeror to proceed with the Offer or take up and pay for Common Shares and Warrants under the Offer;

(o) the Offeror shall not have become aware of any untrue statement of material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any document filed by or on behalf of U.S. Silver with any Securities Regulatory Authority;

(p) the Offeror or an affiliate of the Offeror and U.S. Silver shall not have entered into an agreement subsequent to the date of the Offer providing, among other things, for U.S. Silver to call a special meeting of Shareholders to consider an amalgamation, statutory arrangement, capital reorganization or other transaction involving U.S. Silver and the Offeror or an affiliate of the Offeror for the purpose of enabling the Offeror or an affiliate of the Offeror to acquire all of the issued and outstanding Common Shares and Warrants; and

(q) the directors of U.S. Silver shall have committed (i) to effect an orderly transition of the Board of Directors contemporaneously with or forthwith after the Offeror takes up and pays for the Common Shares and Warrants, including, if requested, resigning in favour of such nominees as may be specified by the Offeror and (ii) to release U.S. Silver from all claims as directors, other than existing rights to indemnification and insurance and customary directors fees and expenses for attendance at meetings of the Board of Directors.

The foregoing conditions are for the exclusive benefit of the Offeror. The Offeror may assert any of the foregoing conditions at any time, regardless of the circumstances giving rise to such assertion (including any action or inaction by the Offeror giving rise to any such assertions). The Offeror may waive any of the foregoing conditions in its sole discretion, in whole or in part, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights which the Offeror may have. Each of the foregoing conditions is independent of and in addition to each other of such conditions and may be asserted irrespective of whether any other of such conditions may be asserted in connection with any particular event, occurrence or state of facts or otherwise. The failure by the Offeror at any time to exercise or assert any of the foregoing rights shall not be deemed to constitute a waiver of any such right, the waiver of any such right with respect to particular facts or circumstances shall not be deemed to constitute a waiver with respect to any other facts or circumstances, and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time by the Offeror. Any determination by the Offeror concerning any event or other matter described in the foregoing conditions will be final and binding upon all parties.

Any waiver of a condition or the withdrawal of the Offer shall be effective upon written notice or other communication confirmed in writing by the Offeror to that effect to the Depositary at its principal office in Toronto, Ontario. The Offeror, forthwith after giving any such notice, shall make a public announcement of such waiver or withdrawal, shall cause the Depositary, if required by Law, as soon as practicable thereafter to notify the Securityholders thereof in the manner set forth in Section 10 of the Offer to Purchase, "Notices and Delivery", and shall provide a copy of the aforementioned notice to the TSX. If the Offer is withdrawn, the Offeror shall not be obligated to take up or pay for any Common Shares and Warrants deposited under the Offer and the Depositary will promptly return all certificates representing Deposited Securities, Letters of Transmittal, Notices of Guaranteed Delivery and related documents to the parties by whom they were deposited at the Offeror's expense. See Section 8 of the Offer to Purchase, "Return of Deposited Securities".

5. Extension, Variation or Change in the Offer

The Offer is open for acceptance from the date of the Offer until, but not after, the Expiry Time, subject to extension or variation in the Offeror's sole discretion or as set out below, unless the Offer is withdrawn by the Offeror.

Subject to the limitations set out below and to Section 4 of the Offer to Purchase, "Conditions of the Offer", the Offeror reserves the right, in its sole discretion, at any time and from time to time while the Offer is open for acceptance (or at any other time if permitted by applicable Laws), to extend the Expiry Time or to vary the Offer by giving written notice (or other communication subsequently confirmed in writing, provided that such confirmation is not a condition of the effectiveness of the notice) of such extension or variation to the Depositary at its principal office in Toronto, Ontario, and by causing the Depositary, if required by applicable Laws, as soon as practicable thereafter to communicate such notice in the manner set out in Section 10 of the Offer to Purchase, "Notices and Delivery", to all registered Securityholders whose Common Shares and Warrants have not been taken up prior to the extension or variation and to all holders of Convertible Securities. The Offeror shall, as soon as practicable after giving notice of an extension or variation to the Depositary, make a public announcement of the extension or variation to the extent and in the manner required by applicable Laws and provide a copy of the notice thereof to the TSX. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than a variation consisting solely of a waiver of one or more conditions of the Offer and any extension of the Offer resulting from such waiver), the Offer will not expire before ten days after the notice of such variation has been given to the Securityholders, unless otherwise permitted by applicable Laws and subject to abridgement or elimination of that period pursuant to such orders or other forms of relief as may be granted by Regulatory Authorities.

If, before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Circular, a notice of change, or a notice of variation that would reasonably be expected to affect the decision of a Securityholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror), the Offeror will give written notice of such change to the Depositary at its principal office in Toronto, Ontario, and will cause the Depositary, if required by applicable Laws, as soon as practicable thereafter, to provide notice of such change in the manner set out in Section 10 of the Offer to Purchase, "Notices and Delivery", to all Securityholders whose Common Shares and Warrants have not been taken up under the Offer at the date of the occurrence of the change and to all holders of Convertible Securities. As soon as practicable after giving notice of the change in information to the Depositary, the Offeror will make a public announcement of the change in information to the extent and in the manner required by applicable Laws and provide a copy of the notice thereof to the TSX and the applicable Securities Regulatory Authorities. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Notwithstanding the foregoing, but subject to applicable Laws, the Offer may not be extended by the Offeror if all of the terms and conditions of the Offer, except those waived by the Offeror, have been fulfilled or complied with, unless the Offeror first takes up all Common Shares and Warrants deposited under the Offer and not withdrawn.

During any extension or in the event of any variation of the Offer or change in information, all Common Shares and Warrants previously deposited and not taken up or withdrawn will remain subject to the Offer and may be taken up by the Offeror in accordance with the terms hereof, subject to Section 7 of the Offer to Purchase, "Withdrawal of Deposited Securities". An extension of the Expiry Time, a variation of the Offer or a change in information does not, unless otherwise expressly stated, constitute a waiver by the Offeror of its rights under Section 4 of the Offer to Purchase, "Conditions of the Offer".

If, prior to the Expiry Time, the consideration being offered for the Common Shares and Warrants under the Offer is increased, the increased consideration will be paid to all depositing Securityholders whose Common Shares and Warrants are taken up under the Offer, whether or not such Common Shares and Warrants were taken up before the increase.

6. Take-Up of and Payment for Deposited Securities

If all of the conditions described in Section 4 of the Offer to Purchase, "Conditions of the Offer", have been satisfied or waived by the Offeror at or prior to the Expiry Time, the Offeror will take up and pay for Common Shares and Warrants validly deposited under the Offer and not properly withdrawn not later than ten days after the Expiry Time. Any Common Shares and Warrants taken up will be paid for as soon as possible, and in any event not later than three business days after they are taken up. Any Common Shares and Warrants deposited under the Offer after the date on which Common Shares and Warrants are first taken up by the Offeror under the Offer but prior to the Expiry Time will be taken up and paid for not later than ten days after such deposit.

The Offeror will be deemed to have taken up and accepted for payment Common Shares and Warrants validly deposited and not withdrawn under the Offer if, as and when the Offeror gives written notice, or other communication confirmed in writing, to the Depositary at its principal office in Toronto, Ontario to that effect. Subject to applicable Laws, the Offeror expressly reserves the right, in its sole discretion to, on, or after the initial Expiry Time, terminate or withdraw the Offer and not take up or pay for any Common Shares and Warrants if any condition specified in Section 4 of the Offer to Purchase, "Conditions of the Offer", is not satisfied or waived, by giving written notice thereof, or other communication confirmed in writing, to the Depositary at its principal office in Toronto, Ontario. The Offeror will not, however, take up and pay for any Common Shares and Warrants deposited under the Offer unless it simultaneously takes up and pays for all Common Shares and Warrants then validly deposited under the Offer and not withdrawn.

The Offeror will pay for Common Shares and Warrants validly deposited under the Offer and not withdrawn by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal to depositing Securityholders. Under no circumstances will interest accrue or be paid by the Offeror or the Depositary to persons depositing Common Shares and Warrants on the purchase price of Common Shares and Warrants purchased by the Offeror, regardless of any delay in making payments for Common Shares and Warrants.

The Depositary will act as the agent of persons who have deposited Common Shares and Warrants in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting such payment to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Common Shares and Warrants under the Offer.

All cash payments under the Offer will be made in Canadian dollars.

Settlement with each Securityholder who has deposited (and not withdrawn) Common Shares and Warrants under the Offer will be made by the Depositary issuing or causing to be issued a cheque (except for payments in excess of CDN$25 million, which will be made by wire transfer, as set out in the Letter of Transmittal) payable in Canadian funds in the amount to which the person depositing Common Shares and Warrants is entitled. Unless otherwise directed by the Letter of Transmittal, the cheque or certificates will be issued in the name of the registered holder of the Common Shares and Warrants so deposited. Unless the person depositing the Common Shares and Warrants instructs the Depositary to hold the cheque or certificates for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque or certificates will be forwarded by first class mail to such person at the address specified in the Letter of Transmittal. If no such address is specified, the cheque or certificates will be sent to the address of the registered holder as shown on the securities register maintained by or on behalf of U.S. Silver. Cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing. Pursuant to applicable Laws, the Offeror may, in certain circumstances, be required to make withholdings from the amount otherwise payable to a Securityholder.

Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer. However, a broker or other nominee through whom a Securityholder owns Common Shares and Warrants may charge a fee to tender any such securities on behalf of the Securityholder. Securityholders should consult their investment advisors, stock brokers or other nominees to determine whether any charges will apply.

7. Withdrawal of Deposited Securities

Except as otherwise stated in this Section 7 or as otherwise required by applicable Laws, all deposits of Common Shares and Warrants under the Offer are irrevocable. Unless otherwise required or permitted by applicable Laws, any Common Shares and Warrants deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Securityholder:

(a) at any time before the Common Shares and Warrants have been taken up and paid for by the Offeror under the Offer; or

(b) at any time before the expiration of ten days from the date upon which either:

(i) a notice of change relating to a change which has occurred in the information contained in the Offer to Purchase or the Circular, a notice of change or a notice of variation, that would reasonably be expected to affect the decision of a Securityholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror), in the event that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer, or

(ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Common Shares and Warrants where the Expiry Time is not extended for more than ten days, or a variation consisting solely of a waiver of one or more conditions of the Offer, or both),

is mailed, delivered or otherwise properly communicated (subject to abridgement of that period pursuant to such order or orders or other forms of relief as may be granted by applicable courts or Regulatory Authorities) and only if such Deposited Securities have not been taken up by the Offeror at the date of the notice.

Withdrawals of Common Shares and Warrants deposited under the Offer must be effected by notice of withdrawal made by or on behalf of the depositing Securityholder and must be actually received by the Depositary at the place of deposit of the applicable Common Shares and Warrants (or Notice of Guaranteed Delivery in respect thereof) within the time limits indicated above. Notices of withdrawal: (i) must be made by a method that provides the Depositary with a written or printed copy, (ii) must be signed by or on behalf of the person who signed the Letter of Transmittal accompanying (or Notice of Guaranteed Delivery in respect of) the Common Shares and Warrants which are to be withdrawn, and must specify such person's name, the number of Common Shares and Warrants to be withdrawn, the name of the registered holder and the certificate number shown on each certificate representing the Common Shares and Warrants to be withdrawn. Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution in the same manner as in a Letter of Transmittal (as described in the instructions set out therein), except in the case of Common Shares and Warrants deposited for the account of an Eligible Institution.

If Common Shares and Warrants have been deposited pursuant to the procedures for book-entry transfer, as set out in Section 3 of the Offer to Purchase, "Manner of Acceptance — Acceptance by Book-Entry Transfer", any notice of withdrawal must specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Common Shares and Warrants and otherwise comply with the procedures of CDS or DTC, as applicable.

A withdrawal of Common Shares and Warrants deposited under the Offer can only be accomplished in accordance with the foregoing procedures. The withdrawal will take effect only upon actual receipt by the Depositary of the properly completed and executed written notice of withdrawal.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the withdrawal of Common Shares and Warrants deposited under the Offer that are earlier than those specified

above. Securityholders should contact their investment advisor, stockbroker, bank, trust company or other nominee for assistance.

All questions as to the validity (including, without limitation, timely receipt) and form of notices of withdrawal will be determined by the Offeror in its sole discretion and such determination will be final and binding. There is no duty or obligation of the Offeror, the Depositary or any other person to give notice of any defect or irregularity in any notice of withdrawal and no liability shall be incurred or suffered by any of them for failure to give such notice.

If the Offeror extends the period of time during which the Offer is open, is delayed in taking up or paying for Common Shares and Warrants or is unable to take up or pay for Common Shares and Warrants for any reason, then, without prejudice to the Offeror's other rights, Common Shares and Warrants deposited under the Offer may, subject to applicable Laws, be retained by the Depositary on behalf of the Offeror until such Common Shares and Warrants are withdrawn by Securityholders in accordance with this Section 7 or pursuant to applicable Laws.

Withdrawals cannot be rescinded and any Common Shares and Warrants withdrawn will be deemed not validly deposited for the purposes of the Offer, but may be re-deposited at any subsequent time at or prior to the Expiry Time by following any of the procedures described in Section 3 of the Offer to Purchase, "Manner of Acceptance".

In addition to the foregoing rights of withdrawal, Securityholders in the provinces and territories of Canada are entitled to one or more statutory rights of rescission, price revision or to damages in certain circumstances. See Section 19 of the Circular, "Statutory Rights".

8. Return of Deposited Securities

Any Deposited Securities that are not taken up and paid for by the Offeror pursuant to the terms and conditions of the Offer for any reason will be returned, at the Offeror's expense, to the depositing Securityholder as soon as practicable after the Expiry Time or withdrawal of the Offer, by either (i) sending certificates representing the Common Shares and Warrants not purchased by first-class insured mail to the address of the depositing Securityholder specified in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the securities register maintained by or on behalf of U.S. Silver, or (ii) in the case of Common Shares and Warrants deposited by book-entry transfer of such Common Shares and Warrants pursuant to the procedures set out in Section 3 of the Offer to Purchase, "Manner of Acceptance—Acceptance by Book- Entry Transfer", such Common Shares and Warrants will be credited to the depositing holder's account maintained with CDS or DTC, as applicable.

9. Changes in Capitalization; Adjustments; Liens

If, on or after the date of the Offer, U.S. Silver should divide, combine, reclassify, consolidate, convert or otherwise change any of the Common Shares or its capitalization, issue any Common Shares, or issue, grant or sell any Warrants, Options or other Convertible Securities, or disclose that it has taken or intends to take any such action, then the Offeror may, in its sole discretion and without prejudice to its rights under Section 4 of the Offer to Purchase, "Conditions of the Offer", make such adjustments as it considers appropriate to the purchase price and other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amount payable therefor) to reflect such division, combination, reclassification, consolidation, conversion, issuance, grant, sale or other change. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

Common Shares, Warrants and any Distributions acquired under the Offer shall be transferred by the Securityholder and acquired by the Offeror free and clear of all liens, restrictions, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom, including, without limitation, the right to any and all dividends, distributions, payments, securities, property, rights, assets or other interests which may be accrued, declared, paid, issued, distributed, made or transferred on or after the date of the Offer on or in respect of the Common Shares and Warrants, whether or not separated from the Common Shares and Warrants.

If, on or after the date of the Offer, U.S. Silver should declare, set aside or pay any dividend or declare, make or pay any other distribution or payment on or declare, allot, reserve or issue any securities, rights or other interests with

respect to any Common Share or Warrant, which is or are payable or distributable to Securityholders on a record date prior to the date of transfer into the name of the Offeror or its nominee or transferee on the securities register maintained by or on behalf of U.S. Silver in respect of Common Shares and Warrants accepted for purchase under the Offer, then (and without prejudice to its rights under Section 4 of the Offer to Purchase, "Conditions of the Offer"): (i) in the case of any such cash dividends, distributions or payments that in an aggregate amount do not exceed the purchase price per Common Share and Warrant payable, the amount of the dividends, distributions or payments will be received and held by the depositing Securityholder for the account of the Offeror until the Offeror pays for such Common Shares and Warrants and the purchase price per Common Share payable by the Offeror pursuant to the Offer will be reduced by the amount of any such dividend, distribution or payment, and (ii) in the case of any such cash dividends, distributions or payments that in an aggregate amount exceeds the purchase price per Common Share payable by the Offeror pursuant to the Offer, or in the case of any non-cash dividend, distribution, payment, securities, property, rights, assets or other interests, the whole of any such dividend, distribution, payment, securities, property, rights, assets or other interests (and not simply the portion that exceeds the purchase price per Common Share payable by the Offeror under the Offer) will be received and held by the depositing Securityholder for the account of the Offeror and will be promptly remitted and transferred by the depositing Securityholder to the Depositary for the account of the Offeror, accompanied by appropriate documentation of transfer. Pending such remittance, the Offeror will be entitled to all rights and privileges as the owner of any such dividend, distribution, payment, securities, property, rights, assets or other interests and may withhold the entire purchase price payable by the Offeror under the Offer or deduct from the consideration payable by the Offeror under the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

The declaration or payment of any such dividend or distribution may have tax consequences not described under Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations" or in Section 16 of the Circular, "Certain United States Federal Income Tax Considerations". Securityholders should consult their own tax advisors as to the tax consequences of the declaration or payment of any such dividend or distribution.

10. Notices and Delivery

Without limiting any other lawful means of giving notice, and unless otherwise specified by applicable Laws, any notice to be given by the Offeror or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to the registered Securityholders (and to registered holders of Convertible Securities) at their respective addresses as shown on the register maintained by or on behalf of U.S. Silver in respect of the Common Shares, Warrants or Convertible Securities, as the case may be, and, unless otherwise specified by applicable Laws, will be deemed to have been received on the first business day following the date of mailing. For this purpose, "business day" means any day other than a Saturday, Sunday or statutory holiday in the jurisdiction to which the notice is mailed. These provisions apply notwithstanding any accidental omission to give notice to any one or more Securityholders and notwithstanding any interruption of mail services following mailing. Except as otherwise permitted by applicable Laws, if mail service is interrupted or delayed following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. Except as otherwise required or permitted by applicable Laws, if post offices in Canada are not open for the deposit of mail, any notice which the Offeror or the Depositary may give or cause to be given to Securityholders under the Offer will be deemed to have been properly given and to have been received by Securityholders if: (i) it is given to the TSX for dissemination through its facilities, (ii) it is published once in the National Edition of *The Globe and Mail, The National Post* and in *La Presse* in Québec or (iii) it is given to the Canada Newswire Service for dissemination through its facilities.

The Offer to Purchase and Circular and Proxy Circular Supplement and the accompanying Letter of Transmittal and Notice of Guaranteed Delivery will be mailed to registered Securityholders (and to registered holders of Convertible Securities) by first class mail, postage prepaid, or made in such other manner as is permitted by applicable Laws and the Offeror will use its reasonable efforts to furnish such documents to brokers, investment advisors, banks and similar persons whose names, or the names of whose nominees, appear in the register maintained by or on behalf of U.S. Silver in respect of the Common Shares and Warrants or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to the beneficial owners of Common Shares and Warrants where such listings are received.

These securityholder materials are being sent to both registered and non-registered owners of securities. If you are a non-registered owner, and the Offeror or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable regulatory requirements from the intermediary holding such securities on your behalf.

Wherever the Offer calls for documents to be delivered to the Depositary, such documents will not be considered delivered unless and until they have been physically received at the Toronto, Ontario office of the Depositary specified in the Letter of Transmittal or the Notice of Guaranteed Delivery, as applicable.

11. Mail Service Interruption

Notwithstanding the provisions of the Offer to Purchase and Circular and Proxy Circular Supplement, the Letter of Transmittal and the Notice of Guaranteed Delivery, cheques and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. Persons entitled to cheques or any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary to which the deposited certificate(s) for Common Shares and Warrants were delivered until such time as the Offeror has determined that delivery by mail will no longer be delayed. The Offeror shall provide notice of any such determination not to mail made under this Section 11 as soon as reasonably practicable after the making of such determination and in accordance with Section 10 of the Offer to Purchase, "Notices and Delivery". Notwithstanding Section 6 of the Offer to Purchase, "Take-Up of and Payment for Deposited Securities", cheques and any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Securityholder at the Toronto, Ontario office of the Depositary.

12. Market Purchases and Sales of Common Shares and Warrants

As of the date hereof, the Offeror does not intend to acquire, or make or enter into any agreement, commitment or understanding to acquire, beneficial ownership of any Common Shares or Warrants, other than under the terms of the Offer. However, the intention of the Offeror to make purchases may change following the date of the Offer. In which case, and except as set forth below, the Offeror reserves the right to, and may, acquire or cause an affiliate to acquire beneficial ownership of Common Shares and Warrants by making purchases through the facilities of the TSX at any time, and from time to time, prior to the Expiry Time subject to and in accordance with applicable Laws. In no event will the Offeror make any such purchases of Common Shares and Warrants through the facilities of the TSX until the third business day following the date of the Offer. The aggregate number of Common Shares and Warrants acquired in this manner will be 5% or less of the Common Shares and Warrants outstanding on the date of the Offer and the Offeror will issue and file a press release containing the information prescribed by applicable Law immediately after the close of business of the TSX on each day on which such Common Shares and Warrants have been purchased.

Purchases pursuant to Section 2.2(3) of MI 62-104 or Section 2.1 of OSC Rule 62-504 shall be counted in any determination as to whether the Minimum Tender Condition has been fulfilled.

Although the Offeror has no present intention to sell Common Shares and Warrants taken up under the Offer, the Offeror reserves the right to make or enter into arrangements, commitments or understandings at or prior to the Expiry Time to sell any of such Common Shares and Warrants after the Expiry Time, subject to applicable Laws and to compliance with Section 2.7(2) of MI 62-104 or Section 93.4(2) of the OSA, as applicable.

For the purposes of this Section 12, the "Offeror" includes any person acting jointly or in concert with the Offeror.

13. Other Terms of the Offer

(a) The Offer and all contracts resulting from acceptance thereof shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. Each party to any agreement resulting from the acceptance of the Offer unconditionally

and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

(b) The Offeror reserves the right to transfer to one or more affiliates of the Offeror the right to purchase all or any portion of the Common Shares and Warrants deposited pursuant to the Offer, but any such transfer will not relieve the Offeror of its obligations under the Offer and will in no way prejudice the rights of persons depositing Common Shares and Warrants to receive payment for Common Shares and Warrants validly deposited and accepted for payment under the Offer.

(c) In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, the Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the Laws of such jurisdiction.

(d) No broker, dealer or other person has been authorized to give any information or make any representation on behalf of the Offeror not contained herein or in the accompanying Circular, and, if given or made, such information or representation must not be relied upon as having been authorized. No broker, dealer or other person shall be deemed to be the agent of the Offeror, the Dealer Manager or the Depositary for the purposes of the Offer.

(e) The provisions of the Questions and Answers, the Summary, the Glossary, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery accompanying the Offer to Purchase, including the instructions contained therein, as applicable, form part of the terms and conditions of the Offer.

(f) The Offeror, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the terms and conditions of the Offer (including, without limitation, the satisfaction of the conditions of the Offer), the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, the validity of any acceptance of the Offer and the validity of any withdrawals of Common Shares and Warrants.

(g) The Offer to Purchase and Circular do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Securityholders residing in any jurisdiction in which the making or the acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in the Offeror's sole discretion, take such action as the Offeror may deem necessary to extend the Offer to, or solicit proxies from, Securityholders in any such jurisdiction.

(h) The Offeror reserves the right to waive any defect in acceptance with respect to any particular Common Shares and Warrants or any particular Securityholder. There shall be no duty or obligation of the Offeror, the Depositary, the Information Agent, the Dealer Manager, a Soliciting Dealer or any other person to give notice of any defect or irregularity in the deposit of Common Shares or in any notice of withdrawal and, in each case, no liability shall be incurred or suffered by any of them for failure to give such notice.

DATED: July 26, 2012

HECLA ACQUISITION ULC

By: (signed) "*Alan MacPhee*"
President

HECLA MINING COMPANY

By: (signed) "*Phillips S. Baker, Jr.*"
President and Chief Executive Officer

CIRCULAR

This Circular is furnished in connection with the accompanying Offer to Purchase dated July 26, 2012 to purchase all of the issued and outstanding Common Shares and Warrants of U.S. Silver. The terms and conditions of the Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Securityholders should refer to the Offer to Purchase for details of the terms and conditions of the Offer, including details as to payment and withdrawal rights. Unless the context otherwise requires, terms used but not defined in the Circular have the respective meanings given to them in the accompanying Glossary.

Unless otherwise indicated, the information concerning U.S. Silver contained herein and in the Offer to Purchase and Circular has been taken from or based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources. Although the Offeror has no knowledge that would indicate any statements contained herein and in the Offer to Purchase and Circular and taken from or based on such information are untrue or incomplete, none of the Offeror or any of its officers or directors assumes any responsibility for the accuracy or completeness of such information or for any failure by U.S. Silver to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror. Unless otherwise indicated, information concerning U.S. Silver is given as of July 9, 2012 (the date of the U.S. Silver Combination Circular).

1. The Offeror

The Offeror is a company incorporated under the BCBCA with its registered office in Coeur d'Alene, Idaho. The Offeror's common shares are not listed on any stock exchange. The Offeror is an indirect wholly owned subsidiary of Hecla Mining Company ("**Hecla**"), a respected precious metals producer with a rich mining history. Hecla is a leading low cash cost silver producer in the U.S. Hecla's shares of common stock are traded on the New York Stock Exchange under the symbol "HL".

Hecla operates the Greens Creek mine in Alaska and Lucky Friday mine (temporarily closed) in Idaho, and owns district-sized land packages in the Silver Valley in northern Idaho; Creede, Colorado; and Durango, Mexico.

2. U.S. Silver

U.S. Silver is engaged in the production, exploration and development of silver resources in northern Idaho, United States. The Common Shares and Warrants are listed on the TSX under the symbols "USA" and "USA.WT", respectively. The Common Shares also trade on the OTCQX in the United States of America under the symbol "USSIF" and in Germany on the Frankfurt Stock Exchange "DB Frankfurt" under the symbol "QE2".

The primary assets of U.S. Silver's wholly-owned subsidiary, U.S. Silver-Idaho, Inc. ("**USI**"), are the operating Galena Project and the adjoining, but non-operating, Coeur Mine and Caladay Project in the Coeur d'Alene Mining District of northern Idaho. These mines have a long mining history with a combined production of over 220 million ounces of silver and associated by-product metals of copper and lead over a modern production history of more than fifty years.

U.S. Silver was incorporated pursuant to articles of incorporation dated March 23, 2006 under the OBCA. On February 28, 2007, the Corporation filed articles of amendment to change its name from Chrysalis Capital III Corporation to U.S. Silver Corporation. On June 25, 2007, the Corporation filed Articles of Continuance and continued under the CBCA. The principal and registered office of the Corporation is located at Suite 2702, 401 Bay St., Toronto, Ontario, M5H 2Y4.

3. Certain Information Concerning Securities of U.S. Silver

Share Capital of U.S. Silver

Common Shares

U.S. Silver's authorized share capital consists of an unlimited number of Common Shares. Shareholders are entitled to one vote for each Common Share held and to receive pro rata such dividends as may be declared by the Board of Directors. Shareholders are also entitled to participate equally in the liquidation, dissolution or winding up of U.S. Silver, whether voluntary or involuntary, or any other distribution of U.S. Silver's assets among its Shareholders for the purpose of winding up its affairs after it has paid out its liabilities. The Common Shares are not subject to call or assessment. There are no pre-emptive or conversion rights, and no provisions for redemption, purchase or cancellation, surrender, sinking fund or purchase fund.

Warrants

The Warrants were issued in registered form under, and are governed by, the Warrant Indenture between U.S. Silver and the Warrant Agent. Each whole Warrant entitle the holder to purchase one Warrant Share at an exercise price of CDN$0.155, subject to adjustment as described below. The Warrants will expire if not exercised prior to 5:00 p.m. (Toronto time) on the Warrant Expiry Time. The Warrant Shares, when issued upon exercise of the Warrants, will be fully paid and non-assessable. U.S. Silver agreed to pay any transfer tax incurred as a result of the issuance of the underlying Warrant Shares except for any tax payable in respect of any transfer in a name other than the holders'.

The Warrants do not contain provisions for cashless exercise and there is no minimum or maximum amount which may be exercised at any one time. The Warrants may be transferred or assigned. U.S. Silver may require payment of an amount sufficient to cover any taxes or governmental or other charges that may be imposed in connection with any registration of transfer or exchange of a Warrant certificate.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

(a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares at no additional cost to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a "dividend paid in the ordinary course of business", as defined in the Warrant Indenture);

(b) the subdivision, redivision or change of the Common Shares into a greater number of shares;

(c) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;

(d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and

(e) the issuance or distribution to all or substantially all of the holders of Common Shares (including securities exchangeable for or convertible into Commons Shares), or other property or assets of U.S. Silver.

The Warrant Indenture also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security upon the occurrence of the following additional events:

(f) a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than certain prescribed common share reorganizations;

(g) a consolidation, amalgamation, arrangement or merger with or into any other corporation or other entity which results in any reclassification or redesignation of the outstanding Common Shares into other shares or securities; or

(h) the transfer of our property or assets as an entirety or substantially as an entirety to one or more corporations or entities (other than a transfer of our property or assets to one or more of our wholly-owned subsidiaries or to one or more corporations that become our wholly-owned subsidiaries).

No adjustment to the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the prevailing exercise price or a change in the number of Common Shares purchasable upon exercise by at least one one-hundredth of a Common Share, as the case may be.

The Warrant Indenture also provides that, during the period in which the Warrants are exercisable, U.S. Silver will give notice to each registered holder of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 10 days prior to the record date or effective date, as the case may be, of such event.

U.S. Silver is not required to issue fractional shares upon the exercise of the Warrants (and are not required to pay cash in lieu of the issuance of fractional shares). The holders of the Warrants will not, as such, possess any rights as our shareholders until such holders exercise the Warrants.

From time to time, U.S. Silver and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that, in the opinion of the warrant trustee, does not prejudice the rights of the warrant trustee or the holders of the Warrants. In accordance with and subject to the terms of the Warrant Indenture, amendments or supplements to the Warrant Indenture that so prejudice the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 50% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants, and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the votes cast upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants entitled to acquire not less than 66⅔% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants.

Warrants may be exercised upon surrender of the Warrant certificate on or before the Warrant Expiry Time at the principal office of the Warrant Agent, with the notice of exercise on the back of the Warrant certificate completed and executed as indicated, accompanied by payment of the exercise price for the number of Warrant Shares for which the Warrants are being exercised.

On June 23, 2011, Shareholders approved a special resolution authorizing the Board of Directors to implement a share consolidation on the basis of one post-consolidation Common Share for every five pre-consolidation Common Shares currently issued or authorized (the "**U.S. Silver Share Consolidation**"). Following the U.S. Silver Share Consolidation, each five Warrants entitle its holder to purchase one post-consolidation Common Share at an aggregate exercise price of CDN$0.775 per Common Share at any time until July 16, 2014.

Issued and Outstanding Common Shares and Warrants

Based solely on information contained in U.S. Silver Combination Circular, as of July 9, 2012 there were issued and outstanding 61,204,002 Common Shares; Options to acquire an aggregate of 4,492,814 Common Shares under the Stock Option Plan; and 10,771,641 outstanding Warrants exercisable to acquire an aggregate of 2,154,928 Common Shares.

Based solely on the above information, the Offeror understands that, assuming the exercise of all Warrants, Options and other Convertible Securities (including Convertible Securities with an exchange price, exercise price or conversion price above the per Common Share price of the Offer), 67,851,774 Common Shares would be subject to the Offer.

The Common Shares are traded on the TSX. On July 24, 2012, being the second to last trading day on the TSX prior to the announcement by the Offeror of its intention to make the Offer, the closing price of the Common Shares was CDN$1.46 on the TSX. The following table sets forth, for the periods indicated, the reported high and low daily intraday trading prices and the aggregate volume of trading of the Common Shares on the TSX.

	Trading of Common Shares on the TSX		
	High (CDN$)	**Low (CDN$)**	**Volume (#)**
2012			
July 1 – July 24	1.55	1.34	832,524
June	1.64	1.18	2,734,270
May	1.77	1.10	3,068,505
April	2.16	1.50	3,970,744
March	2.55	2.07	3,511,466
February	2.74	2.00	4,226,210
January	2.52	1.27	3,678,530
2011			
December	2.75	1.95	2,283,723
November	3.15	2.43	2,881,802
October	3.00	2.23	2,896,977
September	3.65	2.50	6,157,061
August	3.60	2.50	5,806,970
July	3.45	2.48	3,655,673
June	2.95	2.20	3,549,038

Source: TSX Market Data

The Warrants are traded on the TSX. On July 24, 2012, being the second to last trading day on the TSX prior to the announcement by the Offeror of its intention to make the Offer, the closing price of the Warrants was CDN$0.31 on the TSX. The following table sets forth, for the periods indicated, the reported high and low daily intraday trading prices and the aggregate volume of trading of the Warrants on the TSX.

	Trading of Warrants on the TSX		
	High (CDN$)	**Low (CDN$)**	**Volume (#)**
2012			
July 1 – July 24			
June	0.35	0.20	58,500
May	0.390	0.250	249,300
April	0.390	0.280	400,655
March	0.410	0.300	339,200
February	0.450	0.350	109,600
January	0.455	0.240	96,480
2011	0.420	0.345	104,400
December	0.470	0.275	619,650
November	0.475	0.395	432,100
	0.520	0.390	448,830

Source: TSX Market Data

4. Background to the Offer

The following is a summary of the principal events leading up to the Offer and the meetings, discussions and other actions between the Offeror and U.S. Silver preceding the Offer.

According to the U.S. Silver Combination Circular, during 2011 and the first half of 2012, U.S. Silver, with the assistance of a financial advisor, reviewed a number of possible business combination opportunities, looking to expand and diversify its asset base and potentially add near term production, lower cash costs, and increase its resource base. The U.S. Silver Combination Circular also indicated that U.S. Silver engaged in numerous informal discussions with various companies to gauge their interest in exploring such opportunities and entered into confidentiality agreements with a small number of parties during such period pursuant to which it disclosed certain information regarding its business and assets, on a confidential basis. Over the past several years, at various times Hecla expressed to U.S. Silver an interest in combining the companies. Despite this, at no time during the process described in the U.S. Silver Combination Circular did U.S. Silver engage in any discussions with Hecla.

According to the U.S. Silver Combination Circular, the Combination Agreement was finalized and was executed by each of U.S. Silver and RX Gold after the close of trading on the TSX and the TSX Venture Exchange on June 7, 2012, and the parties jointly announced the proposed RX Gold Arrangement shortly thereafter on June 7, 2012. On June 27, 2012, Valiant Trust Company, U.S. Silver's registrar and transfer agent, filed a notice of special shareholders meeting announcing the U.S. Silver Shareholder Meeting to approve the RX Gold Arrangement. On July 9, 2012, U.S. Silver filed the U.S. Silver on SEDAR at www.sedar.com.

Early on July 23, 2012, Hecla provided the U.S. Silver Board of Directors with a copy of a proposal outlining the Offer (the "**Hecla Proposal**") and expressed a strong desire to enter into a friendly transaction supported by the Board of Directors at price of CDN$1.80 per Common Share.

Late in the afternoon on July 24, 2012, U.S. Silver responded to the Hecla Proposal by indicating that after discussions among the Board of Directors and its financial and legal advisors, the Board of Directors had concluded that the Offer as set forth in the Hecla Proposal was reasonably likely to constitute or lead to a Superior Proposal. U.S. Silver also advised that it had communicated the Hecla Proposal to RX Gold. Hecla then advised U.S. Silver that it would prepare a revised version of the Combination Agreement showing all changes between the Combination Agreement and the manner in which the Offeror was prepared to consummate a potential transaction with U.S. Silver.

A signed copy of this revised Combination Agreement was delivered to U.S. Silver on July 25, 2012, but after additional discussions between Hecla and U.S. Silver concerning the time U.S. Silver wanted in order to make a decision regarding such proposal, the Offeror concluded that it would not be able to reach an agreement on how best to proceed with a transaction on a timely basis. As a result of this impasse and the rapidly approaching dates associated with the U.S. Silver Shareholder Meeting, the Offeror concluded that it was compelled to make the Offer directly to Shareholders and Warrantholders and to provide Shareholders and Warrantholders with the best opportunity to consider the Offer. Late on July 25, 2012, Hecla issued a press release announcing its intention to make the Offer.

5. Reasons to Accept the Offer

The Offeror believes that Securityholders will enjoy the following significant benefits from the Offer:

Attractive Premium – The Offer of CDN$1.80 per Common Share represents a premium of over 23% of the closing price of the Common Shares of CDN$1.46 on July 24, 2012 and a premium of 30% over the 20-day volume-weighted average trading price of the Common Shares on the TSX as of July 24, 2012.

Liquidity and Certainty of Value – The Offer is all cash, providing Securityholders with certainty of value and immediate liquidity.

Fully Financed Cash Offer – The Offer is not subject to a financing condition. The Offeror has sufficient cash to pay for all of the Common Shares and Warrants.

Imputed Value of RX Gold Arrangement – The Offer of CDN$1.80 per Common Share represents a premium of 28% to the imputed offer price of CDN$1.41 per Common Share as of July 24, 2012 under the RX Gold Combination.

RX Gold's Assets - If U.S. Silver completed the RX Gold Arrangement, U.S. Silver Securityholders will have been diluted by 30%, and for this cost will have acquired a small property currently without its final permit, which property is undergoing evaluation mining that might transition to commercial production, but only with significant permit and capital cost risk.

Avoidance of Dilution – If U.S. Silver completed the RX Gold Arrangement, the combined entity will likely require substantial additional funds in the future to develop its projects. Additional equity financings, joint venture agreements or other transactions that are undertaken to raise funds could result in material dilution to existing U.S. Silver Securityholders and/or a reduction in the percentage ownership of its properties.

6. Purpose of the Offer and Plans for U.S. Silver

The purpose of the Offer is to enable the Offeror to acquire all of the outstanding Common Shares and Warrants. The effect of the Offer is to give all Securityholders the opportunity to receive CDN$1.80 in cash per Common Share and CDN$0.205 per Warrant. The Offer of CDN$1.80 per Common Share represents a premium of over 23% of the closing price of the Common Shares of CDN$1.46 on July 24, 2012 and a premium of 30% over the 20-day volume-weighted average trading price of the Common Shares on the TSX as of July 24, 2012. This Offer price of CDN$1.80 per Common Share represents a premium of 28% to the imputed Offer price of CDN$1.41 per Common Share as of July 24, 2012 under the RX Gold Arrangement.

If the conditions of the Offer are satisfied or waived and the Offeror takes up and pays for the Common Shares and Warrants validly deposited under the Offer, the Offeror intends to acquire any Common Shares and Warrants not deposited under the Offer through a Compulsory Acquisition, if available, or to propose a Subsequent Acquisition Transaction, in each case for consideration per Common Share and Warrant at least equal in value to and in the same form as the consideration paid by the Offeror per Common Share and Warrant under the Offer. The exact timing and details of any such transaction will depend upon a number of factors, including the number of Common Shares and Warrants acquired pursuant to the Offer. Although the Offeror intends to propose either a Compulsory Acquisition or a Subsequent Acquisition Transaction generally on the terms described herein, it is possible that, as a result of delays in the Offeror's ability to effect such a transaction, information subsequently obtained by the Offeror, changes in general economic or market conditions or in the business of U.S. Silver or other currently unforeseen circumstances, such a transaction may not be proposed, may be delayed or abandoned or may be proposed on different terms. Accordingly, the Offeror reserves the right not to propose a Compulsory Acquisition or Subsequent Acquisition Transaction, or to propose a Subsequent Acquisition Transaction on terms other than as described in the Circular. See Section 11 of the Circular, "Acquisition of Securities Not Deposited".

If permitted by applicable Laws, the Offeror intends to cause U.S. Silver to apply to delist the Common Shares and Warrants from the TSX as soon as practicable after completion of the Offer and any Compulsory Acquisition or any Subsequent Acquisition Transaction. In addition, if permitted by applicable Laws, subsequent to the completion of the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, the Offeror intends to cause U.S. Silver to cease to be a reporting issuer under the securities Laws of each province and territory of Canada in which it has such status. See Section 14 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Warrants and Status as a Reporting Issuer".

The Offeror has not developed any specific proposals with respect to U.S. Silver or its operations, or any changes in its assets, business strategies, management or personnel following the Offer. Upon completion of the Offer, the Offeror intends to conduct a detailed review of U.S. Silver, with the primary objective of integrating the assets, business, management and personnel of U.S. Silver with those of Hecla. If the Offeror is successful in acquiring voting control of U.S. Silver, the Offeror currently intends to cause the Board of Directors to be comprised of the nominees of the Offeror.

7. Source of Funds

The Offeror's obligation to purchase the Common Shares and Warrants deposited under the Offer is not subject to any financing condition.

The Offeror estimates that, if it acquires all of the Common Shares and all Warrants outstanding on July 9, 2012, the total amount required for the purchase will be approximately CDN$112 million plus related fees and expenses associated with the Offer. The Offeror will fund this amount from cash resources available to the Offeror in an amount sufficient to satisfy such cash requirements.

The Offeror believes that its financial condition is not material to a decision by a Shareholder whether to deposit Common Shares and Warrants under the Offer because (i) cash is the only consideration that will be paid to Securityholders in connection with the Offer, (ii) the Offeror is offering to purchase all of the outstanding Common Shares and Warrants in the Offer, and (iii) the Offer is not subject to obtaining any financing or to any financing contingencies.

8. Ownership and Trading in Securities of U.S. Silver

To the knowledge of the Offeror, after reasonable enquiry, neither the Offeror, nor any director or officer of the Offeror (together, the "**Offeror Group**"), beneficially owns, directly or indirectly, or exercises control or direction over any Common Shares and Warrants, Convertible Securities or any other securities of U.S. Silver.

To the knowledge of the Offeror, after reasonable enquiry, no Common Shares and Warrants, Convertible Securities or other securities of U.S. Silver are beneficially owned, directly or indirectly, nor is control or direction exercised over any such securities, by any insider of the Offeror (other than directors or officers of the Offeror) or any associate or affiliate of any insider of the Offeror, (together, the "**Extended Offeror Group**") or any party acting jointly or in concert with the Offeror.

No member of the Offeror Group or, to the knowledge of the Offeror after reasonable enquiry, any member of the Extended Offeror Group, has traded in any securities of U.S. Silver during the six months preceding the date hereof.

9. Commitments to Acquire Securities of U.S. Silver

Neither the Offeror nor, to the knowledge of the Offeror, after reasonable enquiry, any of its directors or officers, any associate or affiliate of an insider of the Offeror, any insider of the Offeror other than a director or officer of the Offeror or any person acting jointly or in concert with the Offeror, has entered into any agreements, commitments or understandings to acquire any securities of U.S. Silver.

10. Other Material Facts

The Offeror has no knowledge of any material fact concerning the securities of U.S. Silver that has not been generally disclosed by U.S. Silver, or any other matter that is not disclosed in the Circular and that has not previously been generally disclosed, and that would reasonably be expected to affect the decision of Securityholders to accept or reject the Offer.

11. Acquisition of Securities Not Deposited

If the Offeror takes up and pays for Common Shares and Warrants deposited under the Offer, the Offeror intends to enter into one or more transactions to enable the Offeror or an affiliate of the Offeror to acquire all Common Shares and Warrants not acquired under the Offer. There is no assurance that such transaction will be completed, in particular if the Offeror and its affiliates hold less than 66⅔% of the outstanding Common Shares or 66⅔% of the outstanding Warrants following completion of the Offer.

Compulsory Acquisition

If, within 120 days after the date of the Offer, the Offer has been accepted by holders of not less than 90% of the issued and outstanding Common Shares, on a Fully-Diluted Basis, other than Common Shares held at the date of the Offer by or on behalf of the Offeror and its affiliates and associates (as such terms are defined in the CBCA), and the Offeror acquires such deposited Common Shares under the Offer, the Offeror may acquire the Common Shares not

deposited under the Offer on the same terms as the Common Shares acquired under the Offer pursuant to the provisions of Section 206 of the CBCA (a "**Compulsory Acquisition**").

To exercise its statutory right of Compulsory Acquisition, the Offeror must give notice (the "**Offeror's Notice**") to each Shareholder who did not accept the Offer (and each person who subsequently acquires any such Common Shares) (in each case, a "**Dissenting Offeree**") and the Director under the CBCA of such proposed acquisition within 60 days following the termination of the Offer and in any event within 180 days following the date of the Offer. Within 20 days of giving the Offeror's Notice, the Offeror must pay or transfer to U.S. Silver the consideration the Offeror would have to pay or transfer to the Dissenting Offerees if they had elected to accept the Offer, to be held in trust for the Dissenting Offerees. Within 20 days after receipt of the Offeror's Notice, each Dissenting Offeree must send the certificates representing the Common Shares held by such Dissenting Offeree to U.S. Silver and must elect either to transfer such Common Shares to the Offeror on the terms of the Offer or to demand payment of the fair value of such Common Shares held by such holder by so notifying the Offeror within 20 days after the Dissenting Offeree receives the Offeror's Notice. A Dissenting Offeree who does not within 20 days after the Dissenting Offeree receives the Offeror's Notice notify the Offeror that the Dissenting Offeree is electing to demand payment of the fair value of the Dissenting Offeree's Common Shares is deemed to have elected to transfer such Common Shares to the Offeror on the same terms that the Offeror acquired Common Shares from holders who accepted the Offer. If a Dissenting Offeree has elected to demand payment of the fair value of such Common Shares, the Offeror may apply to a court having jurisdiction to hear an application to fix the fair value of such Common Shares of such Dissenting Offeree. If the Offeror fails to apply to such court within 20 days after it made the payment or transferred the consideration to U.S. Silver referred to above, the Dissenting Offeree may then apply to the court within a further period of 20 days to have the court fix the fair value of the Common Shares. If there is no such application made by the Dissenting Offeree within such periods, the Dissenting Offeree will be deemed to have elected to transfer such Common Shares to the Offeror on the terms that the Offeror acquired Common Shares from Shareholders who accepted the Offer. Any judicial determination of the fair value of the Common Shares could be more or less than the amount of the offered consideration per Common Share paid pursuant to the Offer.

The foregoing is a summary only of the right of Compulsory Acquisition which may become available to the Offeror. The summary is not intended to be complete nor is it a substitute for the more detailed information contained in the provisions of Section 206 of the CBCA. Section 206 of the CBCA is complex and may require strict adherence to notice and timing provisions, failing which a Dissenting Offeree's rights may be lost or altered. Shareholders should refer to Section 206 of the CBCA for the full text of the relevant statutory provisions, and those who wish to be better informed about the provisions of Section 206 of the CBCA should consult their legal advisors.

In accordance with and subject to the terms of the Warrant Indenture, concurrently with the Compulsory Acquisition, we intend to call a meeting of Warrantholders to pass an "extraordinary resolution". An "extraordinary resolution" is defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 50% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants, and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the votes cast upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants entitled to acquire not less than 66⅔% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants. The purpose of the "extraordinary resolution" would be to obtain the requisite approval of Warrantholders to to amend the Warrant Indenture to permit a cashless exercise or to cancel the remaining Warrants for the dollar amount by which the exercise price of the Warrants exceeds the Offer price per Common Share. See Section 11 of the Circular, "Acquisition of Securities Not Deposited".

See Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations", and Section 16 of the Circular, "Certain United States Federal Income Tax Considerations", for a discussion of the tax consequences to Securityholders in the event of a Compulsory Acquisition.

Subsequent Acquisition Transaction

If the Offeror acquires less than 90% of the Common Shares under the Offer, the right of Compulsory Acquisition described above is not available for any reason, or the Offeror chooses not to avail itself of such statutory right, the

Offeror intends to pursue other means of acquiring the remaining Common Shares and Warrants not deposited under the Offer, including causing one or more special meetings to be called of the then Securityholders to consider an amalgamation, statutory arrangement, capital reorganization, amendment to its articles, consolidation or other transaction involving the Offeror and/or an affiliate of the Offeror and U.S. Silver and/or the Securityholders for the purpose of U.S. Silver becoming, directly or indirectly, a wholly-owned subsidiary or affiliate of the Offeror (a "**Subsequent Acquisition Transaction**"). If the Offeror were to proceed with a Subsequent Acquisition Transaction, it is the Offeror's current intention that the consideration to be paid to Securityholders pursuant to any such Subsequent Acquisition Transaction would be equal in amount to and in the same form as that payable under the Offer.

The timing and details of a Subsequent Acquisition Transaction, if any, will necessarily depend on a variety of factors, including the number of Common Shares and Warrants acquired pursuant to the Offer. If after taking up Common Shares and Warrants under the Offer the Offeror owns at least 66⅔% of the outstanding Common Shares on a Fully-Diluted Basis and sufficient votes are cast by "minority" holders to constitute a majority of the "minority" on a Fully-Diluted Basis pursuant to MI 61-101, as discussed below, the Offeror should own sufficient Common Shares to be able to effect a Subsequent Acquisition Transaction. There can be no assurances that the Offeror will pursue a Compulsory Acquisition or Subsequent Acquisition Transaction.

MI 61-101 may deem a Subsequent Acquisition Transaction to be a "business combination" if such Subsequent Acquisition Transaction would result in the interest of a holder of Common Shares being terminated without the consent of the holder, irrespective of the nature of the consideration provided in substitution therefor. The Offeror expects that any Subsequent Acquisition Transaction relating to Common Shares will be a "business combination" under MI 61-101.

In certain circumstances, the provisions of MI 61-101 may also deem certain types of Subsequent Acquisition Transactions to be "related party transactions". However, if the Subsequent Acquisition Transaction is a "business combination", the "related party transaction" provisions therein do not apply to such transaction. Following completion of the Offer, the Offeror may be a "related party" of U.S. Silver for the purposes of MI 61-101, although the Offeror expects that any Subsequent Acquisition Transaction would be a "business combination" for purposes of MI 61-101 and that therefore the "related party transaction" provisions of MI 61-101 would not apply to the Subsequent Acquisition Transaction. The Offeror intends to carry out any such Subsequent Acquisition Transaction in accordance with MI 61-101, or any successor provisions, or exemptions therefrom, such that the "related party transaction" provisions of MI 61-101 would not apply to such Subsequent Acquisition Transaction.

MI 61-101 provides that, unless exempted, a corporation proposing to carry out a business combination is required to prepare a valuation of the affected securities (and, subject to certain exceptions, any non-cash consideration being offered therefor) and provide to the holders of the affected securities a summary of such valuation. The Offeror currently intends to rely on available exemptions (or, if such exemptions are not available, to seek waivers pursuant to MI 61-101 exempting U.S. Silver and the Offeror or one or more of its affiliates, as appropriate) from the valuation requirements of MI 61-101. An exemption is available under MI 61-101 for certain business combinations completed within 120 days after the date of expiry of a formal take-over bid where the consideration per security under the business combination is at least equal in value to and is in the same form as the consideration that depositing securityholders were entitled to receive in the takeover bid, provided that certain disclosure is given in the take-over bid disclosure documents. The Offeror has provided such disclosure and currently expects that these exemptions will be available.

Depending on the nature and terms of the Subsequent Acquisition Transaction, the provisions of the CBCA and U.S. Silver's constating documents may require the approval of 66 2⁄3% of the votes cast by holders of the outstanding Common Shares at a meeting duly called and held for the purpose of approving the Subsequent Acquisition Transaction. MI 61-101 would also require that, in addition to any other required securityholder approval, in order to complete a business combination (such as a Subsequent Acquisition Transaction), the approval of a majority of the votes cast by "minority" shareholders of each class of affected securities must be obtained unless an exemption is available or discretionary relief is granted by applicable Securities Regulatory Authorities. If, however, following the Offer, the Offeror and its affiliates are the registered holders of 90% or more of the Common Shares at the time the Subsequent Acquisition Transaction is initiated, the requirement for minority approval would not apply to the

transaction if an enforceable appraisal right or substantially equivalent right is made available to minority shareholders.

In relation to the Offer and any subsequent business combination, the "minority" shareholders will be, unless an exemption is available or discretionary relief is granted by applicable Securities Regulatory Authorities, all Shareholders other than (i) the Offeror (other than in respect of Common Shares acquired pursuant to the Offer as described below), any "interested party" (within the meaning of MI 61-101), (iii) certain "related parties" of the Offeror or of any other "interested party" (in each case within the meaning of MI 61-101) including any director or senior officer of the Offeror, affiliate or insider of the Offeror or any of their directors or senior officers, and (iv) any "joint actor" (within the meaning of MI 61-101) with any of the foregoing persons. MI 61-101 also provides that the Offeror may treat Common Shares acquired under the Offer as "minority" shares and to vote them, or to consider them voted, in favour of such business combination if, among other things: (a) the business combination is completed no later than 120 days after the Expiry Time; (b) the consideration per security in the business combination is at least equal in value to and in the same form as the consideration paid under the Offer; and (c) the Shareholder who tendered such Common Shares to the Offer was not (i) a "joint actor" (within the meaning of MI 61-101) with the Offeror in respect of the Offer, (ii) a direct or indirect party to any "connected transaction" (within the meaning of MI 61-101) to the Offer, or (iii) entitled to receive, directly or indirectly, in connection with the Offer, a "collateral benefit" (within the meaning of MI 61-101) or consideration per Common Share that is not identical in amount and form to the entitlement of the general body of holders in Canada of Common Shares. The Offeror currently intends that the consideration offered for Common Shares under any Subsequent Acquisition Transaction proposed by it would be equal in value to, and in the same form as, the consideration paid to Shareholders under the Offer (provided that, in calculating the value of the consideration offered in any Subsequent Acquisition Transaction, each Offeror Share shall be deemed to be at least equal in value to each Offeror Share offered under the Offer) and that such Subsequent Acquisition Transaction will be completed no later than 120 days after the Expiry Time and, accordingly, the Offeror intends to cause Common Shares acquired under the Offer to be voted in favour of any such transaction and, where permitted by MI 61-101, to be counted as part of any minority approval required in connection with any such transaction.

Any such Subsequent Acquisition Transaction may also result in Shareholders having the right to dissent in respect thereof and demand payment of the fair value of their Common Shares. The exercise of such right of dissent, if certain procedures are complied with by the holder, could lead to a judicial determination of fair value required to be paid to such Dissenting Offeree for its Common Shares. The fair value so determined could be more or less than the amount paid per Common Share pursuant to such transaction or pursuant to the Offer. The exact terms and procedures of the rights of dissent available to Shareholders will depend on the structure of the Subsequent Acquisition Transaction and will be fully described in the proxy circular or other disclosure document provided to Shareholders in connection with the Subsequent Acquisition Transaction.

Whether or not a Subsequent Acquisition Transaction will be proposed, and the details of any such Subsequent Acquisition Transaction, including, without limitation, the timing of its implementation and the consideration to be received by the minority holders of Common Shares, will necessarily be subject to a number of considerations, including the number of Common Shares acquired pursuant to the Offer. Although the Offeror may propose a Compulsory Acquisition or a Subsequent Acquisition Transaction on the same terms as the Offer, it is possible that, as a result of the number of Common Shares acquired under the Offer, delays in the Offeror's ability to effect such a transaction, information hereafter obtained by the Offeror, changes in general economic, industry, regulatory or market conditions or in the business of U.S. Silver, or other currently unforeseen circumstances, such a transaction may not be so proposed or may be delayed or abandoned. The Offeror expressly reserves the right to propose other means of acquiring, directly or indirectly, all of the outstanding Common Shares in accordance with applicable Laws, including, without limitation, a Subsequent Acquisition Transaction on terms not described in the Circular.

If the Offeror is unable to, or determines at its option not to, effect a Compulsory Acquisition or propose a Subsequent Acquisition Transaction, or proposes a Subsequent Acquisition Transaction but cannot obtain any required approvals or exemptions promptly, the Offeror will evaluate its other alternatives. Such alternatives could include, to the extent permitted by applicable Laws, purchasing additional Common Shares and Warrants in the open market, in privately negotiated transactions, in another take-over bid or exchange offer or otherwise, or from U.S. Silver. Subject to applicable Laws, any additional purchases of Common Shares and Warrants could be at a price greater than, equal to, or less than the price to be paid for Common Shares and Warrants under the Offer and

could be for cash, securities and/or other consideration. Alternatively, the Offeror may take no action to acquire additional Common Shares and Warrants, or, subject to applicable Laws, may either sell or otherwise dispose of any or all Common Shares and Warrants acquired under the Offer, on terms and at prices then determined by the Offeror, which may vary from the price paid for Common Shares and Warrants under the Offer. See Section 12 of the Offer to Purchase, "Market Purchases and Sales of Common Shares and Warrants".

The tax consequences to a Shareholder of a Subsequent Acquisition Transaction may differ from the tax consequences to such Shareholder of accepting the Offer. See Section 15 of the Circular, "Certain Canadian Federal Income Tax Considerations", and Section 16 of the Circular, "Certain United States Federal Income Tax Considerations". Shareholders should consult their legal advisors for a determination of their legal rights and the tax consequences to them, having regard to their own particular circumstances with respect to a Subsequent Acquisition Transaction.

Legal and Judicial Developments

On February 1, 2008, MI 61-101 came into force in the Provinces of Ontario and Québec, introducing harmonized requirements for enhanced disclosure, independent valuations and majority of minority securityholder approval for specified types of transactions. See "— Subsequent Acquisition Transaction" above.

Certain judicial decisions may also be considered relevant to any Subsequent Acquisition Transaction that may be proposed or effected subsequent to the expiry of the Offer. Canadian courts have, in a few instances prior to the adoption of MI 61-101 and its predecessors, granted preliminary injunctions to prohibit transactions involving certain business combinations. The current trends in both legislation and Canadian jurisprudence indicate a willingness to permit business combinations to proceed, subject to evidence of procedural and substantive fairness in the treatment of minority shareholders.

Shareholders should consult their legal advisors for a determination of their legal rights with respect to any transaction that may constitute a business combination.

12. Agreements, Commitments or Understandings

There are (i) no agreements, commitments or understandings made or proposed to be made between the Offeror and any of the directors or officers of U.S. Silver, including for any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the Offer is successful, and (ii) no agreements, commitments or understandings made or proposed to be made between the Offeror and any securityholder of U.S. Silver relating to the Offer.

There are no agreements, commitments or understandings between the Offeror and U.S. Silver relating to the Offer and the Offeror is not aware of any agreement, commitment or understanding that could affect control of U.S. Silver.

13. Regulatory Matters

Except as discussed below, to the knowledge of the Offeror, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of the Offeror for the consummation of the transactions contemplated by the Offer, except for such authorizations, consents, approvals and filings the failure to obtain or make which would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by the Offer. In the event that the Offeror becomes aware of other requirements, it will make reasonable commercial efforts to satisfy such requirements at or prior to the Expiry Time, as such time may be extended.

Competition Laws

Based upon an examination of publicly available information relating to the business of U.S. Silver, the Offeror does not expect the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction, as applicable, to give

rise to material competition/anti-trust concerns in any jurisdiction. However, the Offeror cannot be assured that no such concerns will arise.

Competition Act

Under the Competition Act, a transaction that exceeds certain financial thresholds requires prior notification (a "**Notifiable Transaction**") to the Commissioner unless the Commissioner issues an ARC or waives the filing obligation in respect of the transaction. If a transaction is a Notifiable Transaction, it may not be completed until the applicable statutory waiting period has expired, or the Commissioner has either issued an ARC or otherwise waived the filing obligation. The applicable statutory waiting period expires 30 days following the day of the filing of a pre-merger notification under the Competition Act or, if during that 30-day period the Commissioner issues a request for additional information ("**Supplementary Information Request**"), 30 days following the day on which the information requested under a Supplementary Information Request has been received by the Commissioner.

The Commissioner may apply to the Competition Tribunal in respect of a "merger" (as defined under the Competition Act), and if the Competition Tribunal finds that the merger is likely to prevent or lessen competition substantially, the Competition Tribunal may issue an order to, among other things, prohibit the merger in whole or in part.

Alternatively, where the Commissioner is satisfied that she would not have sufficient grounds to apply to the Competition Tribunal under the merger provisions of the Competition Act, the Commissioner may issue an ARC in respect of that transaction. Where an ARC is issued, the parties to the transaction are not required to file a pre-merger notification. In addition, if the transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order of the Competition Tribunal under the merger provisions of the Competition Act in respect of the transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued.

The transactions contemplated by the Offer do not constitute a Notifiable Transaction but do constitute a "merger" under the Competition Act.

HSR Act Matters

The Offer is subject to the HSR Act, which provides that parties to certain mergers or acquisitions notify the Antitrust Division of the U.S. Department of Justice (the "**DOJ**") and the U.S. Federal Trade Commission (the "**FTC**") of the proposed transaction and wait a specific period of time before closing while the agencies review the proposed transaction.

The Offeror will file a Notification and Report Form under the HSR Act with the DOJ and the FTC in connection with the Offer. The filing will trigger a 15 calendar day initial waiting period, for which early termination will be requested. However, the DOJ or the FTC may extend the waiting period by requesting additional information or documentary material from the Offeror (a "**Second Request**"). If such a request is made, such waiting period will expire on the 10th calendar day after substantial compliance by the Offeror with the Second Request. In each instance, if the 15th or 10th calendar day falls on Saturday, Sunday or a legal holiday, the waiting period expires on the next regular business day.

U.S. Silver must file its own Notification and Report Form and may also receive a Second Request, with which it is obligated to comply within a reasonable time, but the waiting periods are not affected by when U.S. Silver files its Form or responds to a Second Request.

The waiting period may be extended only through the issuance of a Second Request as described above. If the DOJ or the FTC raise substantive issues in connection with a proposed transaction, the parties frequently engage in negotiations with the relevant governmental agency concerning possible means of addressing those issues and may agree to delay a transaction while such negotiations continue. Ultimately, either the DOJ or FTC (or state governments) could take such action as deemed necessary or desirable in the public interest with respect to a transaction, including seeking to enjoin the transaction or divestitures.

The obligation of the Offeror to complete the Offer is, among other things, subject to the condition that HSR Act Clearance shall have been obtained. See Section 4 of the Offer to Purchase, "Conditions of the Offer".

14. Effect of the Offer on the Market for and Listing of Common Shares and Warrants and Status as a Reporting Issuer

The purchase of Common Shares and Warrants by the Offeror under the Offer will reduce the number of Common Shares and Warrants that might otherwise trade publicly and will reduce the number of Shareholders and Warrantholders and, depending on the number of Common Shares and Warrants acquired by the Offeror, could materially adversely affect the liquidity and market value of any remaining Common Shares and Warrants held by the public.

The rules and regulations of the TSX establish certain criteria which, if not met, could, upon successful completion of the Offer, lead to the delisting of the Common Shares and Warrants from the TSX. Depending on the number of Common Shares and Warrants purchased by the Offeror under the Offer or otherwise, it is possible that the Common Shares and Warrants would fail to meet the criteria for continued listing on the TSX. If this were to happen, the Common Shares and Warrants could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for the Common Shares and Warrants. If the Offeror proceeds with a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Offeror intends to cause U.S. Silver to apply to delist the Common Shares and Warrants from the TSX as soon as practicable after completion of the Offer and any Compulsory Acquisition or any Subsequent Acquisition Transaction. If the Common Shares and Warrants are delisted from the TSX, the extent of the public market for the Common Shares and Warrants and the availability of price or other quotations would depend upon the number of Shareholders, the number of Common Shares and Warrants publicly held and the aggregate market value of the Common Shares and Warrants publicly held at such time, the interest in maintaining a market in Common Shares and Warrants on the part of securities firms, whether U.S. Silver remains subject to public reporting requirements in Canada and other factors.

After the purchase of the Common Shares and Warrants under the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, U.S. Silver may cease to be subject to the public reporting and proxy solicitation requirements of the CBCA and securities Laws of the applicable provinces and territories of Canada. Furthermore, it may be possible for U.S. Silver to request the elimination of the public reporting requirements of any jurisdiction where a small number of Shareholders reside. Subsequent to the completion of the Offer, if the Offeror proceeds with a Compulsory Acquisition or a Subsequent Acquisition Transaction, and if permitted by applicable Laws, the Offeror intends to cause U.S. Silver to cease to be a reporting issuer under the securities Laws of each province and territory of Canada where it is a reporting issuer.

Neither the Common Shares nor Warrants are currently registered under the U.S. Exchange Act or listed or quoted on a stock exchange in the United States. Accordingly, U.S. Silver does not file periodic reports under the U.S. Exchange Act with the SEC.

15. Certain Canadian Federal Income Tax Considerations

In the opinion of Aird & Berlis LLP, Canadian counsel to the Offeror, the following summary describes the principal Canadian federal income tax considerations generally applicable to a beneficial owner of Common Shares and Warrants who disposes of Common Shares and Warrants pursuant to the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction and who, for the purposes of the *Income Tax Act* (Canada) and the Income Tax Regulations (collectively, the "**Tax Act**"), and at all relevant times, holds the Common Shares and Warrants as capital property, did not acquire the Common Shares and Warrants pursuant to a stock option plan, and both deals at arm's length, and is not affiliated, with U.S. Silver and the Offeror (a "**Holder**"). Common Shares and Warrants will generally be considered to be capital property to a Holder unless the Holder holds such shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and counsel's understanding, based on publicly available materials published in writing prior to the date hereof, of the current administrative and assessing practices of the Canada Revenue Agency. This summary also takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof

(the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in Law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action or decision, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Shareholders should consult their own tax advisors for advice concerning the income tax consequences to them of disposing of their Common Shares and Warrants under the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction, and any other consequences to them of such transactions under Canadian federal, provincial, territorial or local tax laws and under foreign tax laws, having regard to their own particular circumstances.

Securityholders Resident in Canada

The following portion of this summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty is, or is deemed to be, resident in Canada (a "**Resident Holder**"). Certain Resident Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Common Shares (and all other "Canadian securities", as defined in the Tax Act and which excludes any shares issued on a "flow-through basis") owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This portion of the summary is not applicable to (i) a Shareholder that is a "specified financial institution", (ii) a Shareholder an interest in which is a "tax shelter investment", (iii) a Shareholder that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution", or a Shareholder that reports its "Canadian tax results" in a currency other than Canadian currency, each as defined in the Tax Act. The portion of this summary is also not applicable to Shareholders who own directly, indirectly or constructively more than 5% of the Common Shares or Warrants. Such Shareholders should consult their own tax advisors.

Sale Pursuant to the Offer

Generally, a Resident Holder who disposes of Common Shares and Warrants to the Offeror under the Offer will realize a capital gain (or capital loss) equal to the amount by which the amount received for the Common Shares and Warrants, less any reasonable costs of disposition, exceeds (or is less than) the adjusted cost base of the Common Shares and Warrants to the Resident Holder immediately before the disposition.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by it in that year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and in the circumstances specified in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends previously received or deemed to have been received by the Resident Holder on such Common Share (or another share where the Common Share has been acquired in exchange for such share), subject to and in accordance with the provisions of the Tax Act. Similar rules may apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Compulsory Acquisition

As described in Section 11 of the Circular, "Acquisition of Securities Not Deposited — Compulsory Acquisition", the Offeror may, in certain circumstances, acquire Common Shares and Warrants pursuant to Section 206 of the CBCA. A Resident Holder disposing of Common Shares and Warrants to the Offeror pursuant to a Compulsory Acquisition will realize a capital gain (or capital loss) generally calculated in the same manner and with the tax consequences as described above under "— Sale Pursuant to the Offer".

A Resident Holder who dissents and obtains an order of a court of competent jurisdiction in respect of a Compulsory Acquisition and receives a cash payment from the Offeror for its Common Shares and Warrants will be considered to have disposed of the Common Shares and Warrants for proceeds of disposition equal to the amount received (not including the amount of any interest awarded by the court). As a result, a Resident Holder will realize a capital gain (or a capital loss) generally calculated in the same manner and with the tax consequences as described above under "— Sale Pursuant to the Offer". Any interest awarded to a dissenting Resident Holder by the court must be included in computing such Resident Holder's income for purposes of the Tax Act.

Subsequent Acquisition Transaction

As described in Section 11 of the Circular, "Acquisition of Securities Not Deposited — Subsequent Acquisition Transaction", if the compulsory acquisition provisions of the CBCA are not utilized, the Offeror may propose other means of acquiring the remaining issued and outstanding Common Shares and Warrants. A Subsequent Acquisition Transaction may be effected by an amalgamation, capital reorganization, share consolidation, statutory arrangement or other transaction. The tax treatment of a Subsequent Acquisition Transaction to a Resident Holder will depend upon the exact manner in which the Subsequent Acquisition Transaction is carried out. Resident Holders should consult their own tax advisors for advice with respect to the income tax consequences to them of having their Common Shares and Warrants acquired pursuant to a Subsequent Acquisition Transaction.

By way of example, a Subsequent Acquisition Transaction could be implemented by means of an amalgamation of U.S. Silver and the Offeror and/or one or more of its affiliates pursuant to which Resident Holders who have not tendered their Common Shares and Warrants under the Offer would have their Common Shares and Warrants converted on the amalgamation into redeemable preference shares of the amalgamated corporation ("**Redeemable Shares**") which would then be immediately redeemed for cash. In those circumstances, a Resident Holder would not realize a capital gain or capital loss as a result of the conversion, and the cost of the Redeemable Shares received would be the aggregate adjusted cost base of the Common Shares and Warrants to the Resident Holder immediately before the amalgamation.

However, on the redemption of the Redeemable Shares, such Resident Holder would generally,

(a) be deemed to receive a dividend (subject to the application of subsection 55(2) of the Tax Act to a holder of Redeemable Shares that is a corporation, as discussed below) equal to the amount, if any, by which the redemption price of the Resident Holder's Redeemable Shares exceeds the paid-up capital of such holder's Redeemable Shares for purposes of the Tax Act; and

(b) be considered to have disposed of such holder's Redeemable Shares for proceeds of disposition equal to the redemption price less the amount of the deemed dividend, if any, computed in (a). As a result, the Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of the Redeemable Shares immediately before the disposition. The computation and tax consequences of any such capital gain or capital loss would be generally as described above under "— Sale Pursuant to the Offer".

Subject to the application of subsection 55(2) of the Tax Act, a Resident Holder will be required to include in computing its income for a taxation year any dividends deemed to be received on the Redeemable Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit applicable to taxable dividends received from taxable Canadian corporations, including

the enhanced gross-up and dividend tax credit if such dividends are designated by U.S. Silver as "eligible dividends" in accordance with the provisions of the Tax Act. Any such dividends deemed to be received by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income.

Subsection 55(2) of the Tax Act provides that where a Resident Holder that is a corporation would otherwise be deemed to receive a dividend, in certain circumstances the deemed dividend may be deemed not to be received as a dividend and instead may be treated as proceeds of disposition of the Redeemable Shares for purposes of computing the Resident Holder's capital gain or capital loss. Resident Holders that are corporations should consult their own tax advisors in this regard.

A Resident Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) will generally be liable to pay a refundable tax of 33⅓% under Part IVof the Tax Act on dividends deemed to be received on the Redeemable Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income.

Pursuant to the current administrative practice of the Canada Revenue Agency, a Resident Holder who exercises his or her statutory right of dissent in respect of an amalgamation would be considered to have disposed of his or her Common Shares and Warrants for proceeds of disposition equal to the amount paid by the amalgamated corporation to the dissenting Resident Holder (other than interest awarded by a court of competent jurisdiction). Because of uncertainties under the relevant corporate legislation as to whether such amounts paid to a dissenting Resident Holder would be treated entirely as proceeds of disposition or in part as the payment of a deemed dividend, dissenting Resident Holders should consult with their own tax advisors. Any interest awarded to a dissenting Resident Holder by the court must be included in computing such Resident Holder's income for purposes of the Tax Act.

As an alternative to the amalgamation discussed herein, the Offeror may propose an arrangement, reorganization, consolidation, recapitalization, reclassification, continuance or other transaction, the tax consequences of which may differ from those arising on the sale of Common Shares and Warrants under the Offer or the amalgamation transaction described above and will depend on the particular form and circumstances of such alternative transaction. No opinion is expressed herein as to the tax consequences of any such alternative transaction to a Resident Holder.

Resident Holders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares and Warrants acquired pursuant to a Subsequent Acquisition Transaction.

Qualified Investment — Delisting of Common Shares and Warrants Following Completion of the Offer

As described in Section 3 of the Circular, "Certain Information Concerning Securities of U.S. Silver" and Section 14 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Warrants and Status as a Reporting Issuer", the Common Shares and Warrants may cease to be listed on the TSX. Resident Shareholders are cautioned that if the Common Shares and Warrants are not listed on a designated stock exchange (which currently includes the TSX) and U.S. Silver ceases to be a public corporation for purposes of the Tax Act, the Common Shares and Warrants will not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plan, deferred profit sharing plans and tax-free savings accounts.

Securityholders Not Resident in Canada

The following portion of this summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty, is neither resident nor deemed to be resident in Canada, and does not use or hold, and is not deemed to use or hold, Common Shares and Warrants in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to certain Shareholders that are insurers carrying on an insurance business in Canada and elsewhere.

Disposition of Common Shares and Warrants Pursuant to the Offer or a Compulsory Acquisition

A Non-Resident Holder who disposes of Common Shares and Warrants under the Offer or a Compulsory Acquisition will realize a capital gain or a capital loss generally calculated in the manner described above under "Securityholders Resident in Canada—Sale Pursuant to the Offer". A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of Common Shares and Warrants pursuant to the Offer or Compulsory Acquisition unless the Common Shares and Warrants constitute "taxable Canadian property" that is not "treaty-protected property" to the Non-Resident Holder at the time of disposition by the Non-Resident Holder.

Generally, Common Shares and Warrants will not constitute taxable Canadian property to a Non-Resident Holder at a particular time, provided that (i) at that time, such Common Shares are listed on a designated stock exchange (which currently includes the TSX) and the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, or the Non-Resident Holder together with such persons have not owned 25% or more of the shares of any class or series of U.S. Silver at any time during the 60-month period immediately preceding that time; and (ii) the Common Share is not otherwise deemed to be taxable Canadian property for purposes of the Tax Act. See "— Delisting of Common Shares and Warrants Following Completion of the Offer" below, in the case where Common Shares and Warrants are delisted prior to a Compulsory Acquisition.

Common Shares and Warrants will be treaty-protected property to a Non-Resident Holder if, under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident, the Non-Resident Holder is exempt from tax under the Tax Act on the gain realized on the disposition of the Common Shares and Warrants.

In the event that Common Shares and Warrants constitute taxable Canadian property and not treaty-protected property to a particular Non-Resident Holder, the tax consequences as described above under "Securityholders Resident in Canada — Sale Pursuant to the Offer" will generally apply. Non-Resident Holders whose Common Shares and Warrants constitute taxable Canadian property should consult with their own tax advisors.

Interest awarded by the court and paid or credited to a Non-Resident Holder who obtains an order of the court in respect of a Compulsory Acquisition generally will not be subject to Canadian withholding tax.

Disposition of Common Shares and Warrants Pursuant to a Subsequent Acquisition Transaction

As described in Section 11 of the Circular, "Acquisition of Securities Not Deposited — Subsequent Acquisition Transaction", if the compulsory acquisition provisions of the CBCA are not utilized, the Offeror may propose other means of acquiring the remaining issued and outstanding Common Shares and Warrants. A Subsequent Acquisition Transaction may be effected by an amalgamation, capital reorganization, share consolidation, statutory arrangement or other transaction. The tax treatment of a Subsequent Acquisition Transaction to a Non-Resident Holder will depend upon the exact manner in which the Subsequent Acquisition Transaction is carried out.

By way of example, a Subsequent Acquisition Transaction could be implemented by means of an amalgamation of U.S. Silver with the Offeror (and/or one or more of its affiliates) pursuant to which Non-Resident Holders who have not tendered their Common Shares and Warrants under the Offer would have their Common Shares and Warrants converted on the amalgamation into Redeemable Shares which would then immediately be redeemed for cash. Such Non-Resident Holders would not realize a capital gain or capital loss as a result of the conversion and the adjusted cost base to the Non-Resident Holder of the Redeemable Shares received would be equal to the adjusted cost base to the Non-Resident Holder of the Common Shares and Warrants immediately before the amalgamation. On the redemption of Redeemable Shares, a Non-Resident Holder will be deemed to have received a dividend, and possibly a capital gain, in respect of the Redeemable Shares in the manner described above under "Securityholders Resident in Canada — Subsequent Acquisition Transactions", without regard to subsection 55(2) of the Tax Act.

Dividends, including deemed dividends, on Common Shares or Redeemable Shares owned by a Non-Resident Holder will be subject to Canadian withholding tax at a rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention. For example, under the *Canada- U.S. Income Tax Convention (1980)* (the "**Convention**"), where dividends are paid to or derived by a Non-Resident Holder who is the beneficial owner of the dividends and is a U.S. resident for purposes of, and who is entitled to benefits in accordance with the provisions of, the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%. In addition, if the Redeemable Shares are "taxable Canadian property" and not "treaty-protected property" of the Non-Resident Holder for purposes of the Tax Act, any capital gain realized on their disposition will be taxed as described above under "Securityholders Resident in Canada — Subsequent Acquisition Transaction", without regard to subsection 55(2) of the Tax Act.

Under the current administrative practice of the Canada Revenue Agency, a Non-Resident Holder who exercises the right of dissent in respect of an amalgamation will be considered to have disposed of such holder's Common Shares for proceeds of disposition equal to the amount paid by the amalgamated corporation to the dissenting Non-Resident Holder (excluding any interest awarded by a court). Because of uncertainties under the relevant corporate legislation as to whether such amounts paid to a dissenting Non-Resident Holder would be treated entirely as proceeds of disposition or in 47 part as the payment of a deemed dividend, dissenting Non-Resident Holders should consult with their own tax advisors. Where a dissenting Non-Resident Holder receives interest in connection with the exercise of the right of dissent in respect of an amalgamation, the interest will not be subject to Canadian withholding tax under the Tax Act.

As an alternative to the amalgamation discussed herein, the Offeror may propose an arrangement, reorganization, consolidation, recapitalization, reclassification, continuance or other transaction, the tax consequences of which may differ from those arising on the sale of Common Shares and Warrants under the Offer or the amalgamation transaction described above and will depend on the particular form and circumstances of such alternative transaction. No opinion is expressed herein as to the tax consequences of any such alternative transaction to a Non-Resident Holder.

Non-Resident Holders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares and Warrants acquired pursuant to a Subsequent Acquisition Transaction.

Delisting of Common Shares and Warrants Following Completion of the Offer

As described above in Section 3 of the Circular, "Certain Information Concerning Securities of U.S. Silver" and Section 14 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Warrants and Status as a Reporting Issuer", the Common Shares and Warrants may cease to be listed on the TSX following the completion of the Offer and may not be listed on such exchange at the time of their disposition pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction. Non-Resident Holders are cautioned that if, at the time of disposition, the Common Shares and Warrants are not listed on a designated stock exchange (which currently includes the TSX):

(a) the Common Shares and Warrants may be taxable Canadian property for Non-Resident Holders if at any time in the last 60 month period prior to the date of the disposition more than 50% of the fair market value of the Common Shares is derived directly or indirectly from one or any combination of: (i) real property situated in Canada; (ii) Canadian resource properties; (iii) timber resource properties; and (iv) options in respect of, or interests in, or for civil law rights in, any of the properties described in (i) to (iii);

(b) if the Common Shares and Warrants are taxable Canadian property, Non-Resident Holders would be subject to income tax under the Tax Act in respect of any capital gain realized on the disposition of Common Shares and Warrants constituting taxable Canadian property (unless the Common Shares and Warrants constitute treaty-protected property, as described above); and

(c) the notification and withholding provisions of Section 116 of the Tax Act would apply to Non-Resident Holders (unless the Common Shares and Warrants constitute treaty protected property, as

described above) in which case the Offeror may be required to deduct or withhold an amount from any payment made to a Non- Resident Holder in respect of the acquisition of Common Shares and Warrants.

A Non-Resident Holder who disposes of taxable Canadian property may be required to file a Canadian income tax return for the year in which the disposition occurs. Non-Resident Holders should consult with their own tax advisors.

16. Certain United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations applicable to U.S. Holders and Non-U.S. Holders (both as defined below) with respect to the Offer, the Compulsory Acquisition and the Subsequent Acquisition Transaction (a sale of Common Shares, Warrants, or Warrant Shares pursuant to any of which is referred to herein as a "**Share Acquisition**"). This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder or Non-U.S. Holder as a result of a Share Acquisition. In addition, this summary does not take into account the individual facts and circumstances of any particular holder that may affect the U.S. federal income tax consequences to such holder, including specific tax consequences under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder or Non-U.S. Holder. This summary does not address the U.S. federal alternative minimum tax, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences to any U.S. Holder or Non-U.S. Holder of any Share Acquisition. All shareholders should consult their own tax advisor regarding the tax consequences of any Share Acquisition, including the U.S. federal alternative minimum tax, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences of the disposition of Common Shares, Warrants, Warrant Shares in any Share Acquisition.

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "**IRS**") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of any Share Acquisition. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

NOTICE PURSUANT TO TREASURY DEPARTMENT CIRCULAR 230: NOTHING CONTAINED IN THIS SUMMARY CONCERNING ANY U.S. FEDERAL TAX ISSUE IS INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES UNDER THE CODE (AS DEFINED BELOW). THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THIS CIRCULAR. EACH U.S. HOLDER AND NON-U.S. HOLDER SHOULD SEEK U.S. FEDERAL TAX ADVICE, BASED ON SUCH PERSON'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Scope of This Disclosure

Authorities

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention, and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Circular. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

U.S. Holders

For purposes of this summary, the term "U.S. Holder" means a beneficial owner of Common Shares, Warrants, or Warrant Shares participating in any Share Acquisition that is for U.S. federal income tax purposes:

- an individual treated as a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the U.S., any state thereof or the District of Columbia or otherwise treated as a domestic corporation for U.S. tax purposes;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (a) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Non-U.S. Holders

For purposes of this summary, a "Non-U.S. Holder" is a beneficial owner of Common Shares, Warrants, or Warrant Shares participating in any Share Acquisition that is not a U.S. Holder and is not an entity classified as a partnership for U.S. federal income tax purposes.

Transactions Not Addressed

This summary does not address the U.S. federal income tax consequences of transactions effected prior or subsequent to, or concurrently with, any Share Acquisition (whether or not any such transactions are undertaken in connection with a Share Acquisition), including, without limitation, the following:

- any conversion into Common Shares of any notes, debentures or other debt instruments;
- any vesting, conversion, assumption, disposition, exercise, exchange, or other transaction involving any rights to acquire Common Shares, including the Options and Warrants; and
- any transaction, other than any Share Acquisition, in which Common Shares are acquired.

Shareholders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations of any Share Acquisition to shareholders that are subject to special provisions under the Code, including the following: (a) shareholders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) shareholders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) shareholders that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) shareholders that have a "functional currency" other than the U.S. dollar; (e) shareholders that own Common Shares, Warrants, or Warrant Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) shareholders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) shareholders that hold Common Shares, Warrants, or Warrant Shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); and, (h) shareholders that own, directly, indirectly, or by attribution, 5% or more, by voting power or value, of the outstanding Common Shares. This summary also does not address the U.S. federal income tax considerations applicable to shareholders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Tax Act; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold Common Shares, Warrants, or Warrant Shares in connection with carrying on a business in Canada; (d) persons whose Common Shares,

Warrants, or Warrant Shares constitute "taxable Canadian property" under the Tax Act; or (e) persons that have a permanent establishment in Canada for the purposes of the Convention. Shareholders that are subject to special provisions under the Code, including shareholders described immediately above, should consult their own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local tax, and foreign tax consequences relating to any Share Acquisition.

If an entity that is classified as a partnership (or "pass-through" entity) for U.S. federal income tax purposes holds Common Shares, Warrants, or Warrant Shares, the U.S. federal income tax consequences to such partnership and the partners of such partnership of participating in the Offer generally will depend in part on the activities of the partnership and the status of such partners. Partners of entities that are classified as partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of any Share Acquisition.

Treatment of U.S. Silver as a U.S. Domestic Corporation

U.S. Silver believes that, pursuant to Section 7874 of the Code, even though it is organized as a Canadian corporation, U.S. Silver should be treated as a U.S. domestic corporation for U.S. federal income tax purposes. U.S. Silver's status as a U.S. corporation for U.S. tax purposes generally has implications for both U.S. Holders and Non-U.S. Holders. In particular, the U.S. federal income tax consequences of a Share Acquisition to U.S. Holders and Non-U.S. Holders will differ from the consequences that would apply to shareholders exchanging shares of a corporation treated as a Canadian corporation for U.S. federal tax purposes in a transaction comparable to a Share Acquisition. Except as specifically noted, the balance of this discussion assumes that U.S. Silver will be treated as a U.S. domestic corporation for U.S. federal income tax purposes.

Certain U.S. Federal Income Tax Consequences of a Share Acquisition to U.S. Holders

Sale of Common Shares, Warrants, and Warrant Shares

Any of the Share Acquisitions will constitute a taxable transaction for purposes of the U.S. federal income tax. Pursuant to the exchange of its Common Shares, Warrants, or Warrant Shares for cash, each U.S. Holder will recognize (a) gain in an amount equal to the excess of the amount paid by the Offeror to the U.S. Holder in the Share Acquisition over its adjusted basis in the Common Shares, Warrants, Warrant Shares or (b) loss in an amount equal to the excess of its adjusted basis in the Common Shares, Warrants, and Warrant Shares over the amount paid by the Offeror to the U.S. Holder in the Share Acquisition. Any such gain recognized will generally be capital gain and will generally be long-term capital gain if such Common Shares, Warrants, or Warrant Shares have been held for more than one year at the time of the sale pursuant to any Share Acquisition. Non-corporate U.S. Holders are generally subject to reduced rates of U.S. federal income taxation on long-term capital gains. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Any such loss recognized will generally be capital loss. A non-corporate U.S. Holder may deduct its annual capital losses only to the extent of its annual capital gains, plus up to US$3,000, and may use any remaining capital losses in a future year as an offset against capital gains.

Passive Foreign Investment Company Rules

If U.S. Silver were to constitute a "passive foreign investment company" under the meaning of Section 1297 of the Code (a "**PFIC**") for any tax year during which a U.S. Holder holds or held Common Shares, Warrants, or Warrant Shares, then certain potentially adverse rules would affect the U.S. federal income tax consequences to a U.S. Holder resulting from the ownership and disposition of the Common Shares, Warrants, and Warrant Shares. U.S. Silver generally will be a PFIC under Section 1297 of the Code if, for a tax year during which U.S. Silver is not a U.S. domestic corporation, (a) 75% or more of its gross income for such tax year is passive income (the "**income test**") or (b) 50% or more of the value of U.S. Silver's assets either produce passive income or are held for the production of passive income (the "**asset test**"), based on the quarterly average of the fair market value of such assets. "Gross income" generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and "passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Active business gains arising from the sale of commodities generally are excluded

from passive income if substantially all (85% or more) of a foreign corporation's commodities are stock in trade or inventory, depreciable property used in a trade or business or supplies regularly used or consumed in a trade or business and certain other requirements are satisfied.

For purposes of the PFIC income test and asset test described above, if U.S. Silver owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, U.S. Silver will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above and assuming certain other requirements are met, "passive income" does not include certain interest, dividends, rents, or royalties that are received or accrued by U.S. Silver from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income. Under certain attribution rules, if U.S. Silver is a PFIC, U.S. Holders will be deemed to own their proportionate share of any non U.S. subsidiary of U.S. Silver which is also a PFIC (a "**Subsidiary PFIC**"), and will be subject to U.S. federal income tax on (a) a distribution on the shares of a Subsidiary PFIC or (b) a disposition of shares of a Subsidiary PFIC, both as if the holder directly held the shares of such Subsidiary PFIC.

In addition, in any year in which U.S. Silver is classified as a PFIC, U.S. Holders would be required to file an annual report with the IRS containing such information as U.S. Treasury Regulations and/or other IRS guidance may require.

If U.S. Silver were a PFIC in any tax year during which a U.S. Holder held Common Shares or Warrants, such holder generally would be subject to special rules with respect to gain from the disposition of Common Shares, Warrants, or Warrant Shares. Generally, a U.S. Holder would be required to allocate gain from the disposition of Common Shares, Warrants, and Warrant Shares ratably over its holding period for such Common Shares, Warrants, and Warrant Shares, respectively. Such amounts allocated to the year of the disposition or excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years in the U.S. Holder's holding period during which U.S. Silver was a PFIC would be taxed as ordinary income at the highest tax rate in effect for each such year, and an interest charge at a rate applicable to underpayments of tax would apply.

While there are U.S. federal income tax elections that sometimes can be made to mitigate these adverse tax consequences (including, without limitation, a "Mark-to-Market Election" under Section 1296 of the Code or a timely and effective election to treat the Combined Company as a "qualified electing fund" under Section 1295 of the Code), such elections are available in limited circumstances and must be made in a timely manner.

Additional Considerations Applicable to U.S. Holders

Additional Tax on Passive Income

For tax years beginning after December 31, 2012, certain individuals, estates and trusts whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surtax on "net investment income" including, among other things, net gain from dispositions of property (other than property held in a trade or business). U.S. Holders of Common Shares, Warrants, or Warrant Shares should consult with their own tax advisors regarding the effect, if any, of this tax on their disposition of Common Shares, Warrants, and Warrant Shares.

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with any Share Acquisition may be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a tax year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source"

taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisor regarding the application of the foreign tax credit rules.

Receipt of Foreign Currency

The amount of any proceeds paid in Canadian dollars to a U.S. Holder in connection with any Share Acquisition (including, but not limited to, U.S. Holders exercising Dissent Rights under a Compulsory Acquisition or a Subsequent Acquisition Transaction), will generally be included in the gross income of a U.S. Holder as translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of such amount, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes.

Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Information Reporting; Backup Withholding Tax

Payments made within the U.S. or by a U.S. payor or U.S. middleman of any payments received in connection with any Share Acquisition generally may be subject to information reporting and backup withholding tax (currently at a rate of 28%) if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules applicable in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding.

Certain U.S. Federal Income Tax Consequences of a Share Acquisition to Non-U.S. Holders

Sale of Common Shares, Warrants, and Warrant Shares

A Non-U.S. Holder who sells its Common Shares, Warrants, or Warrant Shares pursuant to any Share Acquisition will generally not be subject to U.S. federal income tax on any gain with respect to such Share Acquisition unless:

- the gain is effectively connected with the conduct of a trade or business in the United States and, if an income tax treaty applies, is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder;

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of in which a sale of Common Shares, Warrants, or Warrant Shares pursuant to a Share Acquisition occurs, and certain other conditions are met; or

- U.S. Silver is or has been a "U.S. real property holding corporation," as discussed below under "Classification of U.S. Silver as a United States Real Property Holding Corporation," for U.S. federal income tax purposes at any time during the shorter of (a) the five-year period ending on the Effective Date or (b) the period during which the Non-U.S. Holder has owned Common Shares, Warrants, or Warrant Shares, and the Non-U.S. Holder has directly, indirectly, or constructively owned more than 5-percent of the Common Shares (including any Warrant Shares) or Warrants at any time during the same period.

If a Non-U.S. Holder's gain is described in the first bullet point above, such Non-U.S. Holder will generally be treated like a U.S. Holder, as described above, and will be subject to U.S. federal income tax on the gain, net of certain deductions, at the rates applicable to U.S. Holders. Corporate Non-U.S. Holders whose gain is described in the first bullet point (and not the third bullet point) above may also be subject to the branch profits tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty, including the Convention) on such effectively connected income. Individual Non-U.S. Holders described in the second bullet point above will generally be subject to U.S. federal income tax at a flat rate of 30% (or such lower rate as may be specified by an applicable income tax treaty, including the Convention) on the gain derived, which may be offset by U.S.-source capital losses, even though such Non-U.S. Holders are not considered to be residents of the U.S.

If U.S. Silver is not considered a U.S. corporation for purposes of U.S. federal income taxation, then the third bullet point above will not apply. In that case, a Non-U.S. Holder that is not described in the first or second bullet point will not be subject to U.S. federal income tax by reason of any Share Acquisition. A Non-U.S. Holder that is described in the first or second bullet point above will experience the same consequences described above.

Non-U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of the sale of Common Shares, Warrants, or Warrant Shares pursuant to any Share Acquisition and the potential applicability of any income tax treaty, including the Convention.

Classification of U.S. Silver as a United States Real Property Holding Corporation

It is believed that U.S. Silver likely is or has been a United States real property holding corporation, or "USRPHC," as defined for United States federal income tax purposes. Generally, a U.S. corporation will be a USRPHC if, at any time during the prior 5-year period, at least 50% of the value of its real property and certain other assets consist of United States real property interests ("**USRPI**"). For purposes of these rules, a USRPI includes land, growing crops and timber, and mines, wells and other natural deposits (including, oil and gas properties and deposits) located in the United States as well as equity interests in a USRPHC.

Ordinarily, a sale of shares of a USRPHC by a Non-U.S. Holder is subject to U.S. tax as if the gain or loss from such exchange were effectively connected with the conduct of a U.S. trade or business. However, if interests (including for this purpose stock and rights to acquire an interest in stock) in the USRPHC are considered "regularly traded" on an established securities market within the meaning of Section 897 of the Code and the Treasury Regulations issued thereunder, the sale of such interests should not be subject to U.S. tax unless such shareholder has directly, indirectly, or constructively owned more than 5-percent of such interests at any time during the shorter of (a) the five-year period ending on the date of the sale or (b) the period during which the shareholder owned the interests. For this purpose, constructive ownership generally includes ownership through corporations and other entities and pursuant to options, warrants or other securities convertible into or exercisable for corporate stock.

Shares in a company will be treated as regularly traded on an established domestic securities market for any calendar quarter during which they are regularly quoted by brokers or dealers making a market in such shares. A company's shares will also be considered to be regularly traded on an established securities market if they are traded on an over-the-counter market, which the Treasury Regulations define as any market reflected by the existence of an "interdealer quotation system." An interdealer quotation system is a system comprised of brokers and dealers that regularly circulate stock and securities quotations by identified brokers or dealers.

It is believed that, in the calendar quarter in which the sale of Common Shares (including Warrant Shares) and Warrants pursuant to the Offer will occur, the Common Shares and Warrants will be regularly traded on an "over-the-counter market," as defined above, and therefore on an established securities market. However, no assurances can be given regarding whether U.S. Silver will satisfy the regularly traded exception in that calendar quarter. If the

Common Shares or Warrants are considered regularly traded on an established securities market in that calendar quarter, a Non-U.S. Holder should not recognize taxable gain for U.S. federal income tax purposes with respect to the exchange of Common Shares or Warrants, respectively, in the Offer, unless the Non-U.S. Holder has owned, either actually or under certain attribution rules, more than 5-percent of the Common Shares or Warrants at any time during the time period described above (a "5-Percent Non-U.S. Holder").

It is believed that, in the calendar quarter in which any sale of Common Shares (including any Warrant Shares) and Warrants pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction will occur, the Common Shares and Warrants may not be regularly traded on an established securities market. If the Common Shares and Warrants are not considered regularly traded on an established securities market in that calendar quarter, a Non-U.S. Holder may recognize taxable gain for U.S. federal income tax purposes with respect to the exchange of Common Shares and Warrants in a Compulsory Acquisition or a Subsequent Acquisition Transaction, without regard to whether the Non-U.S. Holder is a 5-Percent Non-U.S. Holder.

Withholding

If a Non-U.S. Holder transfers stock in a USRPHC to a U.S. person, the U.S. person transferee is generally required to withhold 10 percent of the amount transferred to the Non-U.S. Holder. However, if the USRPHC's stock is regularly traded on an established securities market, as described above and without regard to the percentage of USRPHC stock that the Non-U.S. Holder owns, the U.S. person transferee is not required to withhold any amount from the amount it pays to the Non-U.S. Holder transferor.

As noted above, it is believed that, in the calendar quarter in which the sale of Common Shares (including any Warrant Shares) and Warrants will occur pursuant to the Offer, the Common Shares and Warrants will be regularly traded on an established securities market. However, no assurances can be given regarding whether U.S. Silver will satisfy the regularly traded exception in that calendar quarter. If Common Shares are considered regularly traded on an established securities market in that calendar quarter, the Offeror will not be required to withhold any U.S. federal income tax from the amount realized by a Non-U.S. Holder pursuant to the Offer, without regard to whether the Non-U.S. Holder is a 5-Percent Non-U.S. Holder.

As noted above, it is believed that, in the calendar quarter in which any sale of Common Shares (including any Warrant Shares) and Warrants will occur pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Common Shares and Warrants may not be regularly traded on an established securities market. If the Common Shares or Warrants are not considered regularly traded on an established securities market in that calendar quarter, U.S. Silver will be required to withhold pursuant to Section 1445 of the Code 10% of the amount paid to a Non-U.S. Holder pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction, without regard to whether such Non-U.S. Holder is a 5-Percent Non-U.S. Holder. Any amount withheld will be credited against such Non-U.S. Holder's U.S. federal income tax liability.

Non-U.S. Holders are urged to consult with their own tax advisors concerning these withholding tax rules including the withholding certificate procedures which may reduce or eliminate such withholding tax.

17. Depositary and Information Agent

The Offeror has engaged Computershare Investor Services Inc. as the Depositary to receive deposits of certificates representing Common Shares and Warrants and accompanying Letters of Transmittal deposited under the Offer at its office in Toronto, Ontario specified in the Letter of Transmittal. In addition, the Depositary will receive deposits of Notices of Guaranteed Delivery at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery. The Depositary will also be responsible for giving certain notices, if required by applicable Laws, and for making payment for all Common Shares and Warrants purchased by the Offeror under the Offer. The Depositary will also facilitate book-entry transfers of Common Shares and Warrants. The Depositary will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities. The Depositary can be contacted at 1-800-564-6253 toll-free in North America, or at 1-514-982-7555 outside of North America, or by e-mail at corporateactions@computershare.com. The Offeror has engaged MacKenzie Partners, Inc. to act as information agent to act as information agent for the Offer. The Information Agent can be contacted within North America toll-

free at 1-800-322-2885 and outside of North America at +1-212-929-5500 (call collect), (800) 322-2885 (toll-free) or by e-mail at tenderoffer@mackenziepartners.com.

18. Financial Advisor and Soliciting Dealer Group

Scotia Capital Inc. has been retained by the Offeror to act as financial advisor to the Offeror with respect to the Offer. Scotia Capital Inc. has also been retained as Dealer Manager to solicit acceptances of the Offer in Canada and Scotia Capital (USA) Inc. has been retained as Dealer Manager to solicit acceptances of the Offer in the United States. The Offeror will reimburse the Dealer Manager for its reasonable out-of-pocket expenses, and has also agreed to indemnify the Dealer Manager against certain liabilities and expenses in connection with the Offer.

Scotia Capital Inc. may form a soliciting dealer group (the "**Soliciting Dealer Group**") comprised of members of the Investment Industry Regulatory Organization of Canada and members of the TSX to solicit acceptances of the Offer from persons who are resident in Canada. Each member of the Soliciting Dealer Group, including the Dealer Manager, is referred to herein as a "**Soliciting Dealer**".

Securityholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares and Warrants directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer. Securityholders should contact the Dealer Manager, the Depositary, the Information Agent or a broker or dealer for assistance in accepting the Offer and depositing their Common Shares and Warrants with the Depositary.

Except as set out herein, the Offeror has not agreed to pay any fees or commissions to any stockbroker, dealer or other person for soliciting tenders of Common Shares and Warrants under the Offer; provided that the Offeror may make other arrangements with additional soliciting dealers, dealer managers or information agents, either within or outside Canada, for customary compensation during the Offer period if it considers it appropriate to do so. The Dealer Manager can be contacted at:

In Canada:

Scotia Capital Inc.
Scotia Plaza, 66th Floor
40 King Street West
Box 4085, Station "A"
Toronto, Ontario M5W 2X6
Tel: (416) 945-4282
Fax: (416) 862-3010

In the United States:

Scotia Capital (USA) Inc.
One Liberty Plaza
25th Floor
165 Broadway
New York, New York 10006
Tel: (212) 225-6851
Fax: (212) 225-6852

19. Statutory Rights

Securities legislation in the provinces and territories of Canada provides Securityholders with, in addition to any other rights they may have at Law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Securityholders. However, such rights must be exercised within prescribed time limits. Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

20. Legal Matters

The Offeror is being advised in respect of certain matters concerning the Offer by, and the opinions contained under "Canadian Federal Income Tax Considerations" have been provided by, Aird & Berlis LLP, Canadian counsel to the Offeror.

21. Directors' Approval

The contents of the Offer to Purchase and the Circular have been approved, and the sending of the Offer to Purchase and Circular to the Securityholders and holders of Convertible Securities has been authorized, by the board of directors of the Offeror.

PROXY CIRCULAR SUPPLEMENT

This proxy circular supplement (the **"Proxy Circular Supplement"**), dated July 26, 2012, is being furnished in connection with the U.S. Silver Special Meeting for the solicitation of proxies by and on behalf of the Offeror**. BLUE proxies have been sent to Shareholders with this Proxy Circular Supplement as opposed to proxies solicited by management of U.S. Silver**. In addition to the information below, reference is made to the Offer to Purchase and Circular which contain additional information that Shareholders may find relevant to the solicitation of proxies. Unless the context otherwise requires, terms used but not defined in this Proxy Circular Supplement have the respective meanings given to them in the accompanying Glossary.

This solicitation of proxies is **not** made by or on behalf of management of U.S. Silver. U.S. Silver has previously caused to be forwarded to Shareholders the U.S. Silver Combination Circular. The Offeror urges Shareholders to discard any proxy sent to them by or on behalf of U.S. Silver or its management.

WE RECOMMEND THAT HOLDERS OF COMMON SHARES VOTE AGAINST THE U.S. SILVER SPECIAL RESOLUTION.

Reasons for Solicitation

As noted in the U.S. Silver Combination Circular, U.S. Silver has called the U.S. Silver Special Meeting to be held on August 7, 2012 for purposes of, amongst other things, considering the U.S. Silver Special Resolution in respect of the RX Gold Arrangement pursuant to the Combination Agreement and the interim order of the Ontario Superior Court of Justice dated July 9, 2012 in respect of the RX Gold Arrangement.

This Proxy Circular Supplement has been prepared by the Offeror to solicit proxies to vote **AGAINST** the RX Gold Arrangement. For the reasons set out under Sections 5 of the Circular, the Offeror believes that the Offer represents a superior alternative for Securityholders compared to the RX Gold Arrangement. Accordingly, the Offeror recommends that Shareholders vote **AGAINST** the U.S. Silver Special Resolution and accept the Offer by following the instructions set out in the Offer to Purchase and Circular and this Proxy Circular Supplement. **If the U.S. Silver Special Resolution is approved, the conditions to the Offer will not be satisfied.**

Particulars of Matters to be Acted Upon

As set forth in the U.S. Silver Combination Circular, the only matters that are to be placed before the U.S. Silver Special Meeting to the knowledge of the Offeror are those matters described in the U.S. Silver Combination Circular. Information concerning the particulars of such matters is identified in the U.S. Silver Combination Circular. As described in the U.S. Silver Combination Circular, the U.S. Silver Special Resolution requires the approval of 66⅔% of the votes cast by Shareholders represented in person or by proxy at the U.S. Silver Special Meeting in order to be passed.

General Proxy Information

Proxies may be solicited by the Offeror or Hecla by mail, telephone, fax or other electronic means and in person, as well as by newspaper or other media advertising, the cost of which will be borne by the Offeror.

In addition, Offeror has engaged Computershare Investor Services Inc. as the Depositary to, among other things, receive deposits of certificates representing Common Shares and Warrants. The Depositary will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities. The Depositary can be contacted at 1-800-564-6253 toll-free in North America, or at 1-514-982-7555 outside of North America, or by e-mail at corporateactions@computershare.com. The Offeror has engaged MacKenzie Partners, Inc. to act as information agent to act as information agent for the Offer. The Information Agent can be contacted within North America toll-free at 1-800-322-2885 and outside of North America at +1-212-929-5500 (call collect), (800) 322-2885 (toll-free) or by e-mail at tenderoffer@mackenziepartners.com. See Section 17 of the Circular, "Depositary and Information Agent".

The costs incurred in the preparation and mailing of this Circular and the solicitation will be borne by the Offeror. However, the Offeror reserves the right to seek reimbursement from U.S. Silver of its out-of-pocket expenses incurred in connection with the U.S. Silver Special Meeting.

No person is authorized to give information or to make any representations other than those contained in this Proxy Circular Supplement and, if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

Appointment and Revocation of Proxies

The persons named as proxyholders in the enclosed **BLUE** form of proxy are the sole director of the Offeror, the General Counsel of Hecla and a partner of the law firm that is Canadian legal counsel to the Offeror. **YOU MAY REVOKE A PROXY ALREADY GIVEN PURSUANT TO U.S. SILVER MANAGEMENT'S SOLICITATION OF PROXIES BY COMPLETING AND DELIVERING THE ENCLOSED BLUE FORM OF PROXY**. A later dated **BLUE** form of proxy revokes any and all prior proxies given by you in connection with the U.S. Silver Special Meeting.

If a Securityholder has already submitted a management form of proxy in connection with the RX Gold Arrangement and:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by:

(i) completing and submitting the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012;

(ii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement not later than 10:00 a.m. (Toronto time) on the last business day preceding the day of the Meeting at which the proxy is to be used;

(iii) depositing another acceptable form of document that is signed by you (or by someone you have properly authorized to act on your behalf) that indicates a vote against the RX Gold Arrangement with the Chair of the Meeting before the Meeting starts on the day of the Meeting; or

(iv) following any other procedure that is permitted by law; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should revoke that proxy by contacting the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares follow their instructions regarding the revocation of proxies, and then follow their instructions regarding voting the **BLUE** proxy.

If you wish to vote in person at the meeting, do not complete or return the form of proxy. Questions and requests for assistance may be directed to the Depositary or the Information Agent, whose contact details are provided on the back cover of this document. As noted above, you may also revoke a proxy already given pursuant to U.S. Silver's management's solicitation of proxies by completing and delivering the accompanying **BLUE** form of proxy to the Information Agent.

Holders of Common Shares should carefully complete and sign their proxies in accordance with the instructions contained in this Proxy Circular Supplement and on the **BLUE** form of proxy in order to ensure that their proxies can be used at the U.S. Silver Special Meeting. Completed and executed proxies should be returned in accordance with the instructions on the **BLUE** form of proxy.

Delivery of Proxies and Proxy Cut-Off Time

To vote **AGAINST** the RX Gold Arrangement:

(a) if a Securityholder is a registered Shareholder able to vote on the RX Gold Arrangement, the Shareholder should complete and submit the **BLUE** proxy to the Information Agent in the postage paid envelope in sufficient time to ensure that the votes associated with such Common Shares are received prior to 12:00 noon (Toronto time) on August 1, 2012 or if the U.S. Silver shareholder meeting is postponed or adjourned, no later than 12:00 noon (Toronto time) on the second business day (excluding Saturdays, Sundays and holidays) before any such adjournment or postponement of such meeting; or

(b) if a Securityholder is a beneficial Shareholder able to vote on the RX Gold Arrangement, the Securityholder should follow the instructions provided by the Securityholder's investment advisor, stockbroker, bank, trust company, other nominee or intermediary through which the Securityholder holds its Common Shares.

Questions and requests for assistance may be directed to the Information Agent within North America toll-free at 1-800-322-2885 and outside of North America at +1-212-929-5500 (call collect), (800) 322-2885 (toll-free) or by e-mail at tenderoffer@mackenziepartners.com.

In addition, Offeror has engaged Computershare Investor Services Inc. as the Depositary to, among other things, receive deposits of certificates representing Common Shares and Warrants. The Depositary will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities.

Voting of Common Shares Represented by Proxy and Exercise of Discretion

Common Shares represented by the enclosed **BLUE** form of proxy will be voted for or against or withheld from voting, as applicable, in accordance with your instructions on any ballot that may be called for at the U.S. Silver Special Meeting and where you specify a choice with respect to any matter to be acted upon, Common Shares that are subject to the proxy will be voted in accordance with your specification so made.

In the absence of such specification, Common Shares represented by the enclosed **BLUE** form of proxy will be (a) voted **AGAINST** the U.S. Silver Special Resolution, as described in the U.S. Silver Combination Circular. The person appointed under the proxy is conferred with discretionary authority (which he/she will exercise in accordance with his/her best judgment) with respect to amendments or variations of those matters specified in the proxy and with respect to any other matters which may properly be brought before the U.S. Silver Special Meeting. the Offeror is not currently aware of any such amendment, variation or other matter.

Proxy Instructions

Interaction with Offer

Shareholders are advised that the completion and submission of a **BLUE** form of proxy (or voting instruction form, in the case of non-registered Shareholders as set out below) shall not constitute an acceptance of the Offer. Any Shareholder wishing to accept the Offer should consult Section 3 of the Offer, **"Manner of Acceptance"** and comply with the procedures for acceptance set out therein.

Registered Shareholders

If you are a registered holder of Common Shares (meaning your Common Shares are held by you directly and not by your investment advisor, stockbroker, bank, trust company or other nominee), you should follow the procedures set out in the enclosed **BLUE** form of proxy and as set out below. As a registered Shareholder, you likely received a form of proxy with the U.S. Silver Combination Circular and you received a second proxy form with this Proxy

Circular Supplement. Even if you have already submitted the form of proxy that accompanied the U.S. Silver Combination Circular, you may submit the **BLUE** form of proxy enclosed with this Proxy Circular Supplement. Your later dated **BLUE** form of proxy will automatically revoke the proxy that you have previously submitted.

In order to vote **AGAINST** the U.S. Silver Special Resolution, Shareholders should complete the **BLUE** form of proxy enclosed by marking **AGAINST** with respect to the U.S. Silver Special Resolution. In order to ensure that your vote is returned prior to the deadline, the Offeror recommends that Shareholders return their proxy by fax.

A registered Shareholder has the right to appoint a person, who need not be a Shareholder of U.S. Silver, other than the persons named in the BLUE form of proxy accompanying this Proxy Circular Supplement, as proxyholder to attend and act for and on behalf of such Shareholder at the U.S. Silver Special Meeting and may exercise such right by striking out the names of the persons named in the BLUE form of proxy and inserting the name of the person to be appointed as proxyholder in the blank space provided on the BLUE form of proxy.

Non-Registered Shareholders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the U.S. Silver Special Meeting. However, in many cases, Common Shares beneficially owned by a holder (a **"Non-Registered Holder"**) are registered either:

- in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

- in the name of a depository such as CDS or DTC.

In accordance with Canadian securities Laws, U.S. Silver will have distributed copies of the U.S. Silver Combination Circular to the depositories and intermediaries for onward distribution to Non-Registered Holders. the Offeror will do the same with this Proxy Circular Supplement, the **BLUE** form of proxy and any other related meeting materials unless a Non-Registered Holder has waived the right to receive them. Intermediaries are required to forward all meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- *Voting Instruction Form*. In most cases, a Non-Registered Holders will receive, as part of the meeting materials, a voting instruction form that must be completed and signed by the Non-Registered Holders in accordance with the directions on the voting instruction form (where permissible in accordance with the instructions indicated, it is recommended you vote by internet, telephone or submit the signed and dated voting instruction form by fax).

- *Form of Proxy*. Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a **BLUE** form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holders but which is otherwise uncompleted. In this case, the Non-Registered Holders who wishes to submit a **BLUE** proxy should properly complete the **BLUE** proxy and submit it as specified, to the location indicated on the **BLUE** proxy.

Should a Non-Registered Holder wish to attend and vote at the U.S. Silver Special Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy received from the intermediary and insert the Non-Registered

Holder or such other person's name in the blank space provided or, in the case of a voting information form, follow the corresponding instructions on the form. In any case, Non-Registered Holders should carefully follow the instructions of their intermediary, including those regarding when and where the proxy (or voting information form) is to be delivered.

A Non-Registered Holder may revoke a proxy or voting instruction form which has been given to an intermediary by written notice to the intermediary. In order to ensure that an intermediary acts upon a revocation of a proxy or voting instruction form, the written notice should be received by the intermediary well in advance of the U.S. Silver Special Meeting.

Voting Securities and Principal Holders Thereof

According to the U.S. Silver Combination Circular, as of July 6, 2012, 61,204,002 Common Shares were issued and outstanding. Each Shareholder is entitled to one vote for each Common Share registered in his or her name as of the close of business on July 6, 2012, the record date for the U.S. Silver Special Meeting.

As of the date of this Proxy Circular Supplement, to the knowledge of the Offeror, no person beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to all issued and outstanding Common Shares, other than Sprott Asset Management LP, which, as indicated in the U.S. Silver Combination Circular, beneficially owned 8,798,850 (or 14.4% of the issued and outstanding) Common Shares as of July 6, 2012.

Interest of the Offeror in Matters to be Acted Upon

Except as described elsewhere in the Offer to Purchase and Circular, none of the Offeror or any of its associates or affiliates has any material interest in any matter to be acted upon at the U.S. Silver Special Meeting other than the U.S. Silver Special Resolution. the Offeror has made the Offer to Shareholders as further described in the Offer to Purchase and Circular. Except as described in the Offer to Purchase and Circular, neither the Offeror nor any of its affiliates currently own any Common Shares. Except as set out in the Offer to Purchase and Circular, to the knowledge of the Offeror, after reasonable inquiry, no Common Shares, Warrants or Options are beneficially owned, nor is control or direction exercised over any of such securities, by any associate or affiliate of an insider of the Offeror, any insider of the Offeror, other than a director or officer of the Offeror, or any person acting jointly or in concert with the Offeror.

Interest in Transactions

Except as described in the Offer to Purchase and Circular, none of the Offeror or any of its directors or officers, or any associate or affiliate of any such persons, has had any material interest, direct or indirect, in any transaction since the beginning of U.S. Silver's last completed financial year or in any proposed transaction (excluding the Offer) that has materially affected or will materially affect U.S. Silver or any of its affiliates.

Except as described in the Offer to Purchase and Circular, none of the Offeror or any of its directors or officers, or any associate or affiliate of any such persons, has any contract, arrangement or understanding with another person with respect to future employment by U.S. Silver or any of its affiliates, or future transactions to which U.S. Silver or any of its affiliates will or may be a party.

Information Concerning the RX Gold Arrangement

Information regarding: (a) the indebtedness of directors and executive officers of U.S. Silver; (b) the interest of informed persons of U.S. Silver (as defined in NI 51-102) in any transaction since the commencement of U.S. Silver's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect U.S. Silver or any of its subsidiaries; and (c) any agreements or arrangements under which the management functions of U.S. Silver or any subsidiary are to any substantial degree performed other than by the directors or executive officers of U.S. Silver or subsidiary, is not known to the Offeror and is not reasonably within the power of the Offeror to obtain. Additional information regarding such matters, and regarding U.S. Silver and the

U.S. Silver Special Meeting, is contained in the U.S. Silver Combination Circular and the notice of meeting prepared by U.S. Silver in connection with the U.S. Silver Special Meeting. the Offeror hereby expressly disclaims responsibility for the accuracy or completeness of any information contained in the U.S. Silver Combination Circular or any information set forth in this Proxy Circular Supplement stated to be derived from the U.S. Silver Combination Circular or based upon information contained therein.

Previous Dissident Activity

None of the Offeror or any of its officers and directors have been a **"dissident"** (as defined in the CBCA) within the previous ten years.

Additional Information

Additional information in respect of the U.S. Silver Special Meeting and U.S. Silver is contained in the U.S. Silver Combination Circular. Additional information concerning U.S. Silver, including U.S. Silver's comparative financial statements and management's discussion and analysis of such financial statements for its most recently completed financial year and quarter, is also available for review on SEDAR at *www.sedar.com*.

CERTIFICATE OF HECLA ACQUISITION ULC

DATED: July 26, 2012

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. The contents and sending of the Proxy Circular Supplement have been approved by the board of directors of Hecla Acquisition ULC.

(Signed) "*Alan MacPhee*"
President

(Signed) "*Tami Whitman*"
Secretary

(Signed) "*James Sabala*"
Sole Director

CERTIFICATE OF HECLA MINING COMPANY

DATED: July 26, 2012

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(Signed) "*Phillips S. Baker, Jr.*"	(Signed) "*James Sabala*"
President and Chief Executive Officer	Chief Financial Officer

On behalf of the board of directors

(Signed) "*Charles B. Stanley*"	(Signed) "*Dr. Anthony P. Taylor*"
Director	*Director*

CONSENT OF CANADIAN LEGAL ADVISOR

TO: The Directors of Hecla Acquisition ULC

We hereby consent to the reference to our name and opinion contained under "Certain Canadian Federal Income Tax Considerations" in the Circular accompanying the Offer dated July 26, 2012 made by Hecla Acquisition ULC to the holders of common shares and warrants of U.S. Silver Corporation.

Toronto, Canada
July 26, 2012

(signed) "*AIRD & BERLIS LLP*"
Aird & Berlis LLP