



Twin Metals Minnesota Project
 Ely, Minnesota, USA
 NI 43-101 Technical Report on Pre-feasibility Study



Prepared for:
 Duluth Metals Corp.

Prepared by:
 Mr John Barber, P.E., AMEC
 Dr Harry Parker, RM SME, AMEC
 Mr David Frost, F.AusIMM, AMEC
 Ms Janine Hartley, P.E., AMEC
 Mr Trey White, P.E. AMEC
 Mr Chris Martin, C.Eng., Blue Coast
 Dr Robert Sterrett, P.G., Itasca
 Ms Joanna Poeck, RM SME, SRK

Dr Ted Eggleston, RM SME, AMEC
 Dr Lynton Gormely, P.Eng., AMEC
 Mr Simon Allard, P.Eng., AMEC
 Dr Srikant Annavarapu, P.E., AMEC
 Mr Tom Radue, P.E., Barr
 Mr Matthew Malgesini, P.E., Golder
 Dr Matthew Pierce, P.E., Itasca

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of federal mineral lease, upon satisfying all regulatory requirements. Under the BLM regulations, the initial term for preference right leases may not exceed 20 years, with the possibility of successive 10-year renewals. A preference right lease includes the right to develop and construct a mine under the terms thereof, but additional permits are required before work can commence. Subject to applicable laws and regulations, BLM has discretion as to whether to issue or renew any prospecting permit and any preference right lease, as well as discretion with respect to the terms and conditions to be included in any such prospecting permits and preference right leases. Issuance and renewal of prospecting permits and preference right leases also are subject to review by the United States Forest Service (USFS) under applicable federal law. Additionally, before prospecting permits and preference right leases may be issued or renewed, federal agencies must complete requirements for environmental review under the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA), and the Endangered Species Act (ESA). In some cases, consultation with tribal governments may be requested.

Proposed uses of lands subject to prospecting permits or preference rights leases have been issued are also subject to:

- Requirements for agency approvals of such uses
- The terms and conditions established in the prospecting permits or preference right leases, as applicable
- Rental fees and royalties
- The requirements of the above-referenced federal statutes and regulations authorizing such permits and leases or requiring environmental review and consultations
- Additional requirements as described in Section 4.5 of this Report.

4.3.3 Relevant State Legislation

State leases for nonferrous metallic mining are issued by the Minnesota Department of Natural Resources (DNR) and may be held for up to 50 years. These leases allow a mining company to engage in mineral exploration and mineral development located on the state-owned property, subject to compliance with all laws and issued permits. An operating mining company must pay a production royalty in addition to lease payments.

At the mineral development stage, a "permit to mine" is required for any new nonferrous metallic mineral mine in addition to the mining lease. This is required for mining of all nonferrous metallic mineral interests, irrespective of whether the ownership is state, federal, or private. A permit to mine may be issued for whatever