



**Meeting with BLM and USFS**  
**BLM Offices in Milwaukee, WI & USFS Offices in Duluth, MN**  
**July 2, 2012**



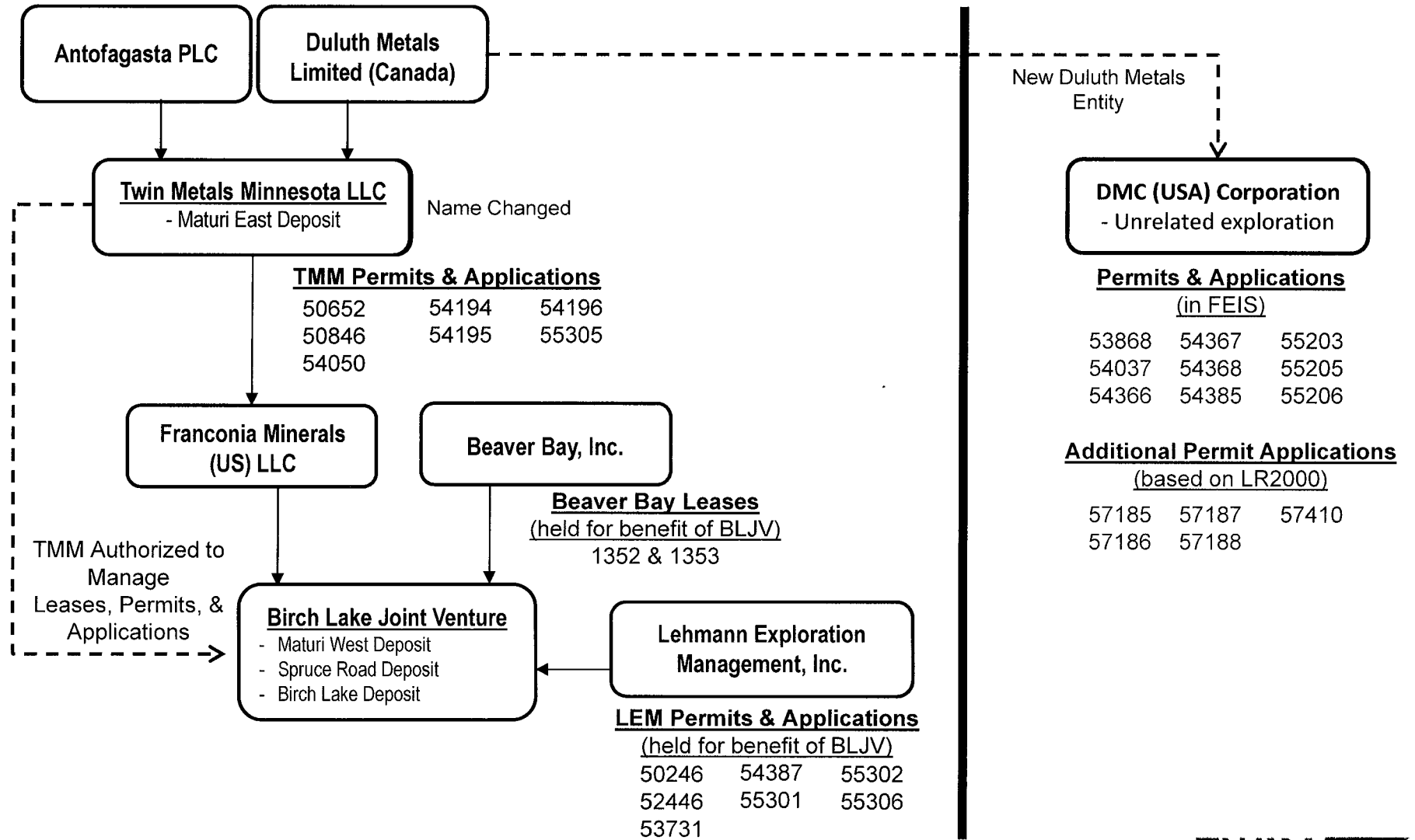
## Discussion Items

- Introduction
- Review of Corporate Structure, Current Project Activities, and Schedule
- Tenure for Existing Federal Mineral Leases (MNES 1352 and 1353)
- Preference Right Lease Application for Prospecting Permit Lands (MNES 50652 and 50846)
- Hydrogeologic Study: Authorization for Installation of Monitor Wells
- Other Items for Discussion

## Review of Current Project Status and Schedule



# Overview of Relationship Between Twin Metals Minnesota, the Birch Lake Joint Venture, and the Unaffiliated DMC (USA) Corporation



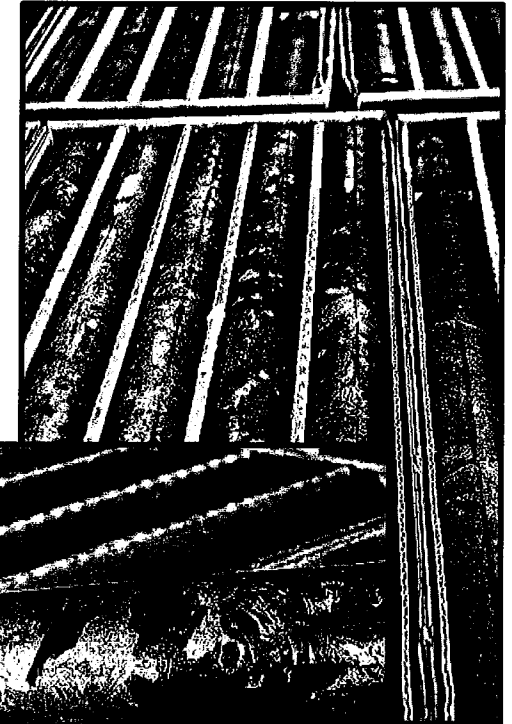
# Update on Twin Metals Minnesota's Activities and Investment in 2012

- ***Updated and Integrated Resource Estimate for Project Published in June***

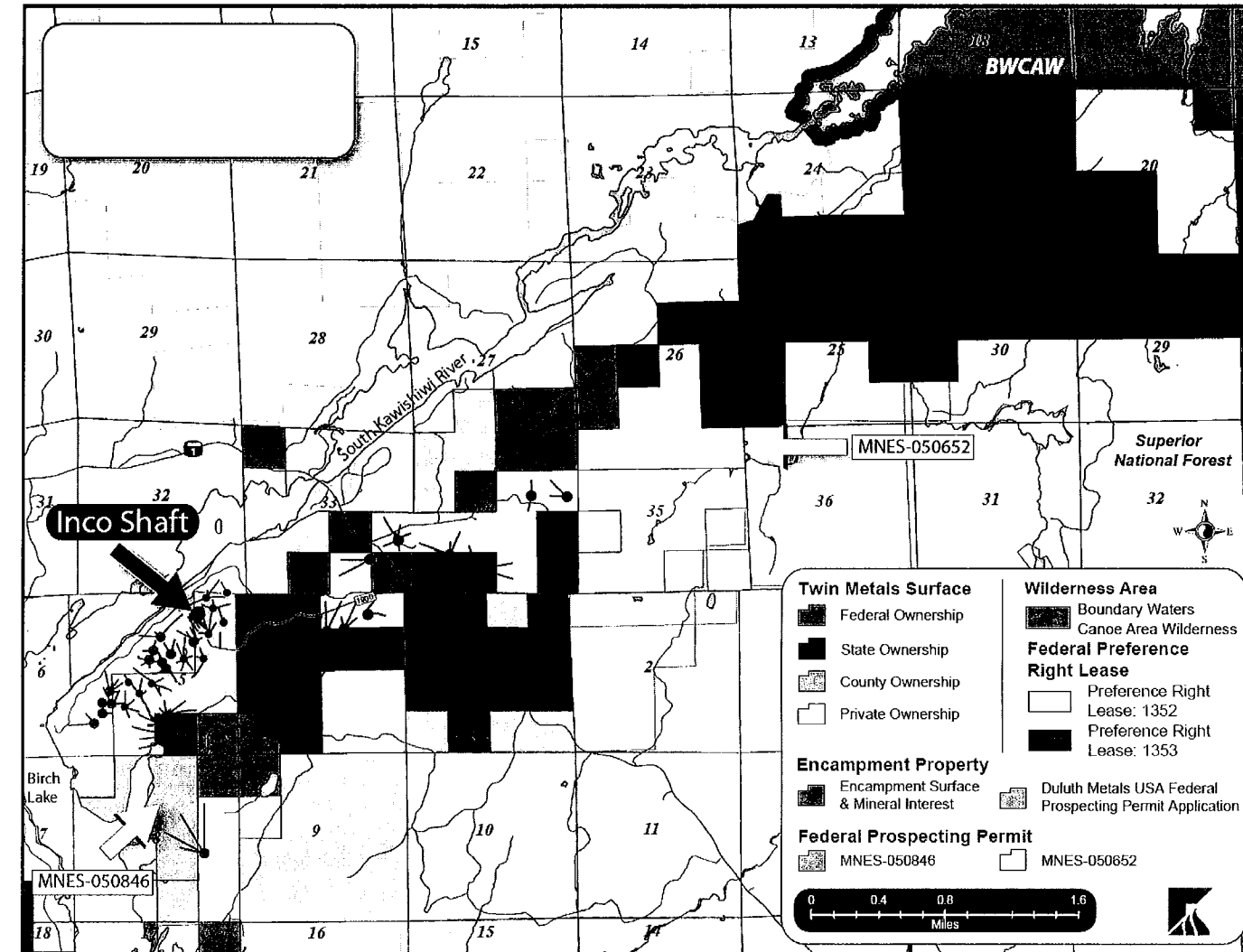
- Significant increases in the copper, nickel, platinum, palladium and gold resources within Project area
- More than 10 billion pounds of Cu-Ni Indicated Resource
- More than 18 billion pounds of Cu-Ni Inferred Resource

- ***Expansion of Ely Offices***

- Initiated process for purchasing 3 vacant lots
- Construction of core storage facility



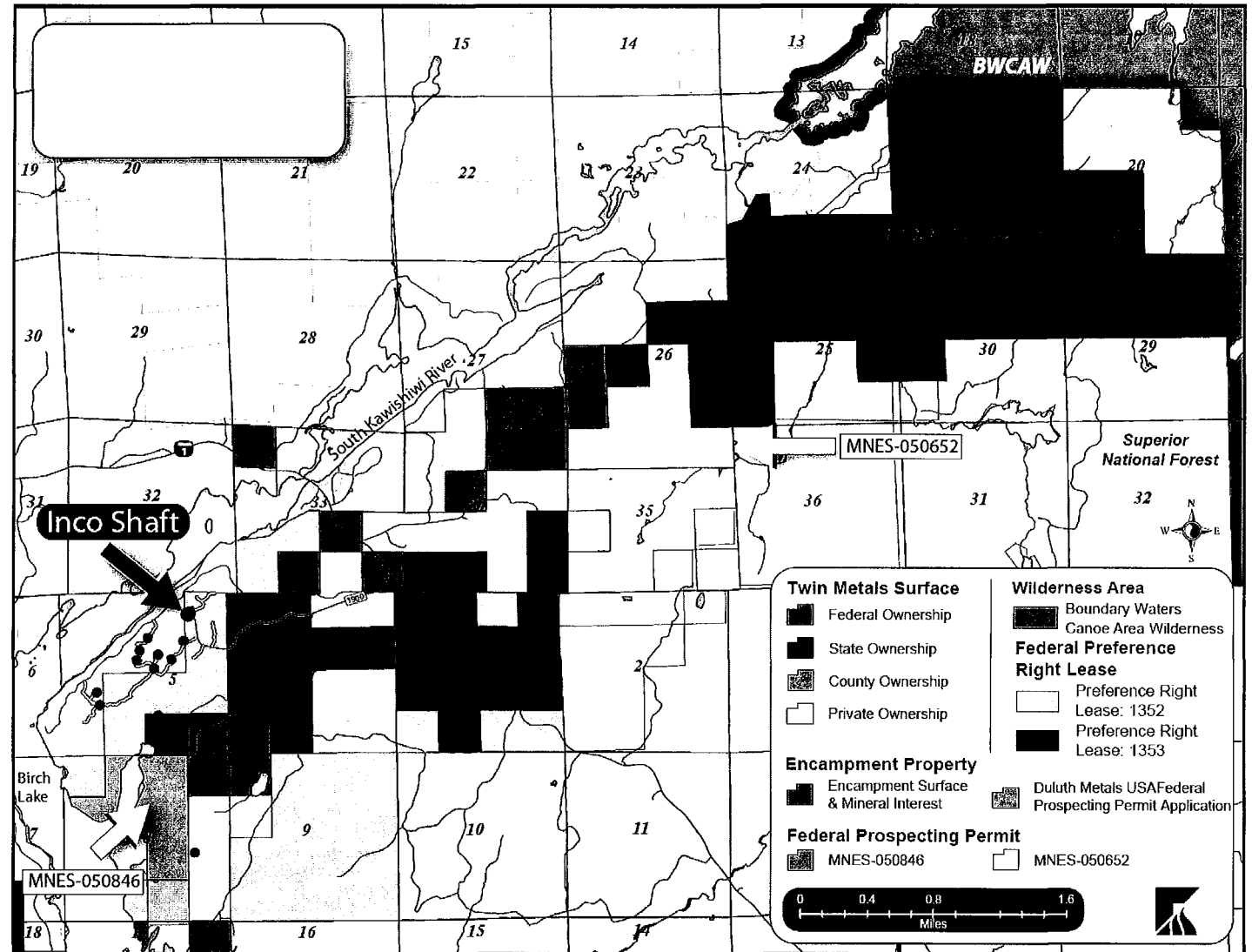
# TMM Completed an Extensive Winter Drilling Program on Federal Minerals



- Drilling activities focused on Maturi deposit (East & West) and Birch Lake deposit
- Results of drilling program show valuable deposits on leased and permitted federal lands

# TMM's Summer Drilling Program

- Drilling activities on federal and state minerals
- Year-round access approved for SKA lands
- Goal is to obtain up to 85,000 feet of core by Q1 2013



# Major Next Steps in TMM's Project Development

- **Complete Prefeasibility Study**
- **Submit MPO and Begin NEPA/MEPA Scoping for Environmental Review for MPO**
- **Bankable Feasibility Study**
- **Environmental Permitting**
- **Permit to Mine**



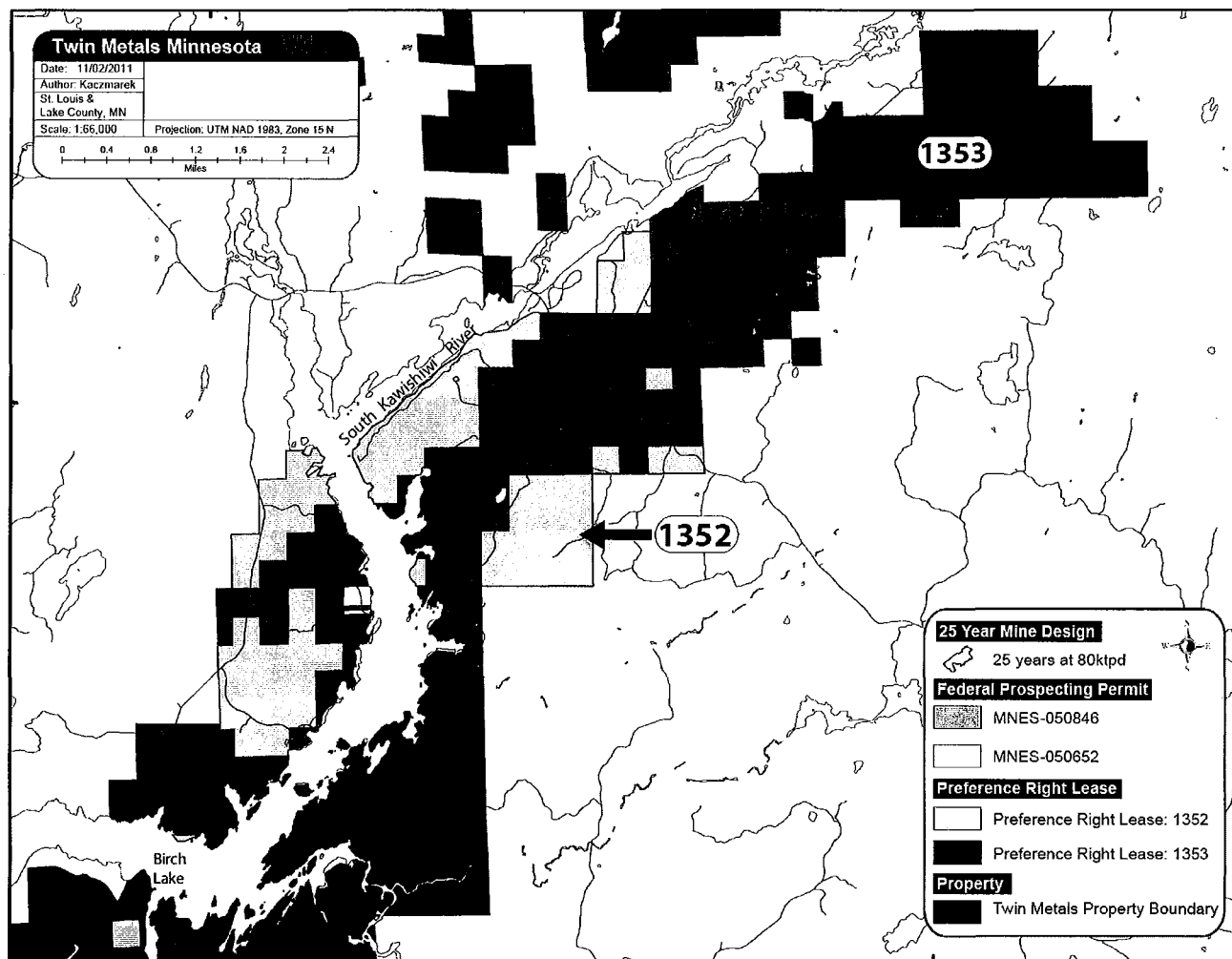
## **Principal Topics for Further Discussion**



- **Filing Request for Renewal of Existing Federal Leases**
- **Filing Preference Right Lease Application (“PRLA”) for Existing Prospecting Permits**
- **Filing Plan for Hydrogeologic Study and Installation of Monitor Wells**

# Tenure for Existing Federal Mineral Leases (MNES 1352 and 1353)




# Twin Metals Minnesota Needs a Renewal Decision Before Its Two Federal Mineral Leases Expire December 31, 2013



- **Previous Two Renewals Had Multi-Year Gap Between Expiration & Renewal Decision**
  - 1<sup>st</sup> Renewal: 3 years 
  - 2<sup>nd</sup> Renewal: 5 years 
- **Early Filing and Coordination May Avoid Similar Gap in 3<sup>rd</sup> Renewal**
- **Lease Remains in Effect During Gap Periods But:**
  - TMM's investment of several hundred million dollars by end of PFS requires secure and long-term mineral tenure
  - Leases include minerals in heart of the Project

## Lease Renewal Is Subject to Categorical Exclusion Consistent with Previous Renewals and Agency Guidance

- ***Previous Two Renewals of Leases Were Excluded from NEPA***
  - USFS and BLM agreed no EA or EIS was required
  - Agencies determined that lease terms were sufficient to protect environment
- ***Lease Renewal Falls Within Two BLM Categorical Exclusions***
  - Solid Minerals F-2: “Approval of mineral lease readjustments, renewals, and transfers including assignments and subleases.” 
  - Realty E-9: “Renewal and assignments of leases, permits, or rights-of-way where no additional rights are conveyed beyond those granted by the original authorizations.”
- ***Lease Renewal Is Administrative Action without the Potential for Significant Environmental Impacts***
  - Any mining operations will be subject to approved MPO and full Project EIS

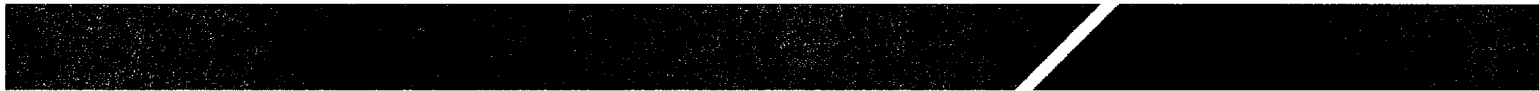


## Discussion: What Are the Next Steps for Renewing the Existing Federal Mineral Leases?

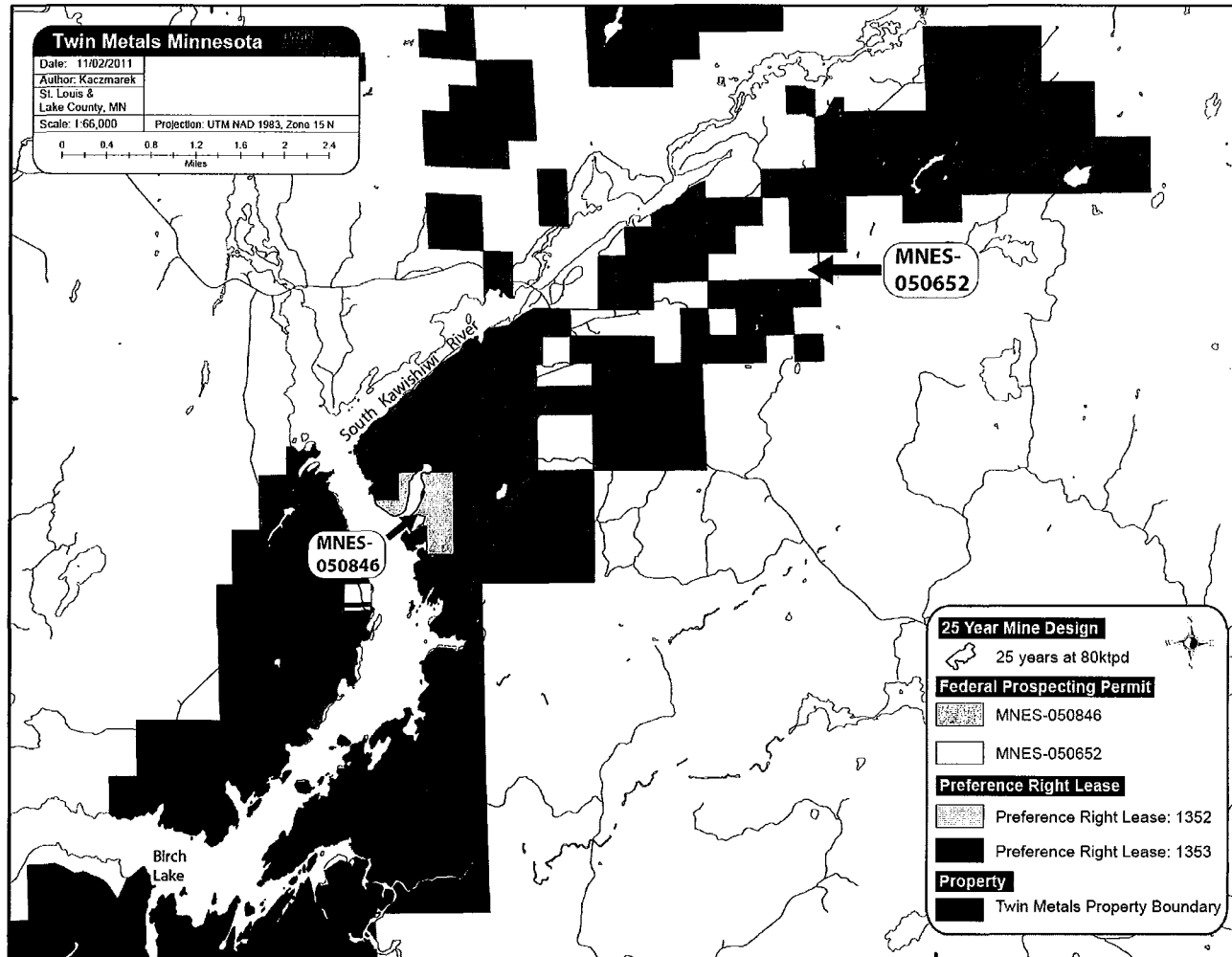
- Schedule for filing of renewal request
- Form of renewal request and supporting documents
- Coordination with agencies regarding NEPA
- Obtaining renewal decision before lease expires
- Approach for securing additional renewal periods



**Preference Right Lease Application for Prospecting Permit Lands  
(MNES 50652 and 50846)**



# Conversion of Existing Prospecting Permits for Maturi East Into Federal Leases



- **Permit “Clock” Runs Only When Frozen Ground Conditions Exist**
- **Expiration of Prospecting Permits Is Uncertain**
  - Completed 4<sup>th</sup> year of frozen ground drilling after 2006 suspension
  - BLM Decision (2011): 577 Days remain
  - Permit term dependent on weather conditions
- **TMM Is Prepared to File PRLA to**
  - Eliminate uncertainty
  - Obtain mineral tenure based on its present ability to show a valuable deposit

# **An Environmental Assessment Is Appropriate for Issuance of a “Simple Lease”**

- ***“Simple Lease” gives TMM exclusive right to minerals subject to:***
  - Approval of site-specific MPO and
  - Completion of Project EIS to develop stipulations and conditions
- ***“Simple Lease” does not include Mine Plan of Operations or Actual Mining***
  - Valuable deposit showing will only be based on conceptual mine plan
- ***Environmental Assessment for “Simple Lease” Complies with NEPA***
  - Resolves mineral tenure issue without conflating the distinct issues of mineral leasing and operations
  - No significant environmental impacts stemming from mere holding of Lease or limited access to federal lands for work to support EIS, PFS, and BFS
  - Any impacts associated with MPO will be fully analyzed in Project EIS
  - Prevents duplicative, inefficient, and potentially inconsistent analysis of conceptual mine plan for Lease and actual MPO for project



## Discussion: What are the next steps for obtaining a “Simple Lease” for the Existing Prospecting Permits?

- Timing for Filing PRLA
- Schedule and process for agency review
- Coordination with agencies on NEPA Review
- Maintaining access to lands after submission of PRLA

# Hydrogeologic Study





# Monitor Wells Located on Federal Lands: Other Interest Holders

Property Interests (Surface/Mineral)	# of Well Sites	Application Type	Application Recipient	Lease/Permit Numbers
Private/Mineral/Prospecting/Permit Applications (Federal/Private)	4	USFS Special Use Authorization?	USFS	N/A
		Use Authorization? Permittee's Agreement?	BLM	N/A
	3	USFS Special Use Authorization?	USFS	N/A
		Use Authorization? Permittee's Agreement?	BLM	N/A
	5	USFS Special Use Authorization?	USFS	N/A
		Use Authorization? Permittee's Agreement?	BLM	N/A
No Use Authorization (Federal/??)	10	Special Use Authorization?	USFS	N/A
		Prospecting Permit?	BLM	N/A



## **BLM Can Authorize the Installation of Monitor Wells on Lands for Which Another Company Has a Permit**

- ***BLM May Allow Other Parties to Use Lands Subject to Prospecting Permits***
  - Prospecting permits do not provide exclusive right to lands
  - Other uses are permitted so long as they do not unreasonably interfere
  
- ***Monitor Wells Will Not Unreasonably Interfere with Other Prospecting Permits and Will Not Be for the Purpose of Hardrock Mineral Prospecting***
  
- ***TMM Will Seek to Work with Permit Holders***



## Several Forms of Approval Are Available for Installation of Monitor Wells on Lands for Which TMM Has No Permit or Lease

- *Agency Authorization for Monitor Well Program on Non-TMM Lands Is Necessary for TMM's Full Use and Enjoyment of Its Existing Leases & Permits*
- *USFS Authorization for Use of Federal Surface: Special Use Permit or Other Appropriate Authorization*
- *BLM Regulatory Authorizations for Installation of Monitor Wells:*
  - Contract (i.e., license agreement) for management of federal land (43 U.S.C. §1737(b))
  - Right of Way Agreement for necessary facilities on public lands (43 C.F.R. Part 2800)
    - BLM has used such agreements to authorization for installation of monitor wells
  - Permit for use of public lands/minerals administered by BLM (43 C.F.R. § 2920.1-1)
  - Exploration License to obtain environmental data (43 C.F.R. § 3506.10)



## **Discussion: What are the next steps for BLM to authorize monitor well installation where TMM has no lease or permit?**

- Determination on appropriate type of BLM authorization
- Form of application for USFS and BLM authorizations
- Schedule and process for agency review
- Coordination with agencies on NEPA review

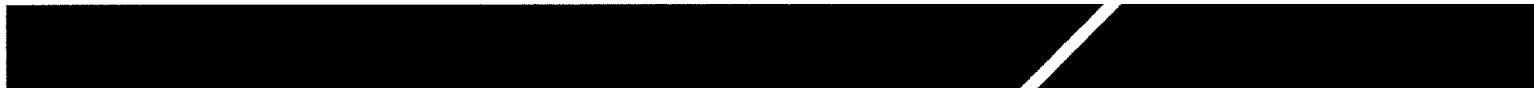


# BLM and USFS Can Tier from Prospecting Permit FEIS for NEPA Review of Monitor Wells

- ***Prospecting Permit FEIS Included:***
  - All TMM prospecting permit applications (MNES 55306 analyzed in DEIS)
  - Other companies' prospecting permit applications for relevant lands
  - Future plans of operations and special use authorizations for drilling activities
  
- ***Tiering Is Appropriate***
  - Same geographic area
  - Same type of activity (i.e., access and drilling)
  - Same type of potential impacts



**Other Items for Discussion?**



**Thank You!**



## Supporting Slides



# Background for First Renewal of Existing Federal Mineral Leases

## FINDING OF NO SIGNIFICANT IMPACT / DECISION RECORD

Preference Right Lease Numbers: MNES 1352, MNES 1353

Proposed Action: Lease renewals, Superior National Forest

State: Minnesota; County: Lake, St. Louis; Acreage: 4,864.78

Background: The Superior National Forest has completed the attached "Finding of Categorical Exclusion", which analyzes the above proposed action. The Superior National Forest Supervisor signed this document on February 6, 1987, indicating that "the terms and conditions of Bureau of Land Management (BLM) leases ES 01352 and ES 01353 are adequate to prevent or mitigate unacceptable impacts and that no additional conditions need to be added prior to their renewal provided that none of the terms and conditions related to my authority are diminished in any manner." This analysis adequately addresses impacts associated with hardrock mineral lease renewals, and this proposal is within the scope of analysis covered by this document. The Forest Service consented to renewal of this lease via a letter submitted to the Eastern States Office of BLM dated June 19, 1987, with a letter of clarification following on March 24, 1988. The consent requires that the existing terms and conditions affecting surface uses be attached to the renewed leases.

Environmental Considerations: I have reviewed the above-referenced document and have considered the environmental consequences of this proposal. All environmental considerations have been adequately addressed in the above-referenced document.

Finding of No Significant Impact: Based on the analysis in the referenced environmental document, this decision will not result in any significant impacts to the environment, therefore an environmental impact statement is not required.

  
Assistant District Manager for Solid Minerals

3/7/89  
Date



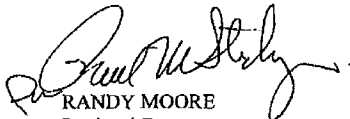
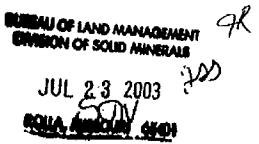
- **Renewal Application Filed:** May 1986
- **Renewal Decision:** June 1989
- **Renewal Term:** July 1, 1989 – June 30, 1999
- **NEPA:**
  - Categorical exclusion with USFS consent in Feb. 1987
  - BLM environmental decision in March 1989
  - Lease terms adequately protect environment
- **Understanding of Basis for Delay:**
  - Negotiations relating to bonding
  - Royalty reduction requests
  - Assignment of lease



# Background for Second Renewal of Existing Federal Mineral Leases

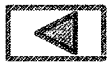
- **Renewal Application Filed:** March 1999
- **Renewal Decision:** Dec. 2003
- **Renewal Term:** Jan. 1, 2004 – Dec. 31, 2013
- **NEPA:**
  - No EA or EIS
  - Agencies determined that Forest Plan, approval of operating plan, and NEPA for MPO was sufficient
- **Understanding of Basis for Delay:**
  - Assignment of leases
  - Rolla office recommended approval in 1999
  - No information regarding delay in USFS determination



	United States Department of Agriculture	Forest Service	Eastern Region		310 West Wisconsin Ave. Suite 580 Milwaukee, WI 53203
File Code:	2820-2	Date:	JUL 18 2003		
Route To:					
Subject:	Renewal of Preference Right Leases MNES 1352 and MNES 1353				
To:	Director, Eastern States Office, Bureau of Land Management				
<p>The Forest Service has no objection to the renewal of the above preference right leases.</p> <p>The terms, conditions and stipulations have been reviewed, and it has been determined that they are sufficient to protect the resources of the United States.</p> <p>Any and all operations are subject to the Forest Plan and its amendments, and the approval of an operating plan by the authorized officer. In addition, any and all operations will be subject to an analysis under the National Environmental Policy Act prior to the commencement of any operations.</p>					
 RANDY MOORE Regional Forester					
cc: Paul Stockinger Randy Rabideaux Stuart Behling Cleo B Ashworth Tim Best John Romito					
					

## **Categorical Exclusions Have Been Repeatedly Used for Lease Renewals**

- ***BLM Applied Categorical Exclusion for Preference Right Lease in 2012 in Similar Circumstances***
  - Shell Frontier Preference Right Sodium Lease Renewal
  - Renewal is subject to same leasing regulations as hardrock minerals
  - BLM applied categorical exclusion 516 DM 11.9, Number F-2 for solid minerals
  - Operations had not yet commenced at time of decision
- ***Categorical Exclusions Have Been Used Even When Lease Terms Are Amended***
  - Blue Mountain Energy Coal Lease Renewal in August 2011 revised lease
  - Central Appalachian Mining Co. Lease Renewal in 2011 adjusted lease terms during renewal process



# Monitor Wells Located on Federal Lands: TMM Property Interests

Property Interests (Surface/Mineral)	# of Well Sites	Application Type	Application Recipient	Lease/Permit Numbers
Leases (Federal/Federal)	22	Plan of Operations	BLM → USFS	MNES 01352 MNES 01353
Leases (Private/Federal)	7	Plan of Operations	BLM	MNES 01352
[REDACTED]	5	Plan of Operations	BLM → USFS	MNES 50652 MNES 50846 MNES 52446
	0	N/A	N/A	N/A
Prospecting Permit Applications (Federal/Federal)	13	Plan of Operations	BLM → USFS	MNES 53731 MNES 54194 MNES 54196 MNES 54387 MNES 55301 MNES 55306
[REDACTED]	18	No Federal Required (Notice Only)	N/A (Notice to USFS)	Private Leases MM-9132-N MM-9815-N MM-10146 MM-10206-N

