



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Eastern States
7450 Boston Boulevard
Springfield, Virginia 22153
<http://www.es.blm.gov>

In Reply Refer TO:
1330 MWG
MNES-1352, MNES-1353

Certified Mail, Return Receipt Requested

Franconia Minerals (US) LLC
380 St. Peter Street, Suite 705
St. Paul, MN 55102

Beaver bay Inc.
12 South Sixth Street, Suite 1140
Minneapolis, MN 55402

Attn: I. Daniel Colton
Secretary and General Council

Ernest K. Lehmann
President

Re: Hardrock Lease Renewals, MNES-1352, 1353

Dear Mr. Colton and Mr. Lehmann,

As you are aware, the expiration date for the above-referenced leases is December 31, 2013. The Bureau of Land Management (BLM) is fully engaged in the processes involved in your lease renewals (2). This letter is to assure you that the leases will in fact not expire, so long as the BLM is diligently working on the renewal of the two leases.

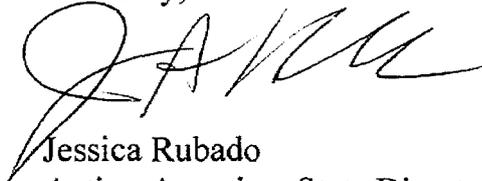
The process for adjudicating the renewal of these two leases is lengthy due to time required for review of additions to the National Environmental Policy Act (NEPA) documentation. An Environmental Assessment (EA) is well underway for the renewals, and is expected to be completed by the end of the calendar year (CY). This must also be followed by other reviews, analyses and approvals.

All together, the BLM expects that the renewals will be completed by the second quarter of CY 2014. Meanwhile, and following a detailed review of our regulations, policies and protocols, the BLM would like to make it clear that during the interim, while BLM is in the *process* of renewal, Twin Metals is authorized to continue to make beneficial use of these leases in any way for which the company is already approved under proper authority, and that these activities may continue until the BLM has made a final decision on the lease renewals. In other words, the leases will not expire on December 31, 2013, as long as BLM is still in the review process. All existing terms and conditions of the leases shall remain in effect until the decision for renewal is final.

This decision will be appealable. Meanwhile, should any questions arise, please call Michael Glasson, Solid Minerals Program Lead, at [REDACTED]

Thank you

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Rubado', written over the printed name.

Jessica Rubado
Acting Associate State Director
Natural Resources