Scott Wilson Mining

DULUTH METALS LIMITED

TECHNICAL REPORT ON THE MINERAL RESOURCE ESTIMATE FOR THE NOKOMIS DEPOSIT ON THE NOKOMIS PROPERTY, MINNESOTA, U.S.A.

NI 43-101 Report

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December 10, 2009

SCOTT WILSON ROSCOE POSTLE ASSOCIATES INC.

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1 SUMMARY

INTRODUCTION

Scott Wilson Roscoe Postle Associates Inc. (Scott Wilson RPA) was requested by Duluth Metals Limited (DML) to update the resource estimate that Scott Wilson RPA had prepared in July 2008 for the Nokomis Cu-Ni-PGE-Au Deposit and to prepare a Technical Report complying with the requirements of National Instrument (NI) 43-101. The Nokomis Deposit is located on the DML Nokomis Property near Ely, Minnesota, U.S.A.

Scott Wilson RPA, and precursor firm Roscoe Postle Associates Inc., have prepared previous NI 43-101 Resource Estimates and Technical Reports on the Maturi Extension Properties (previous name for the Nokomis Property) for Wallbridge Mining Company Limited/Wallbridge America Corp. (WM) dated December 2005 (Cargill, 2005a), and DML dated May 2006, August 2007 and July 2008. NI 43-101 compliant Preliminary Assessment reports on the Nokomis Property were prepared by Scott Wilson RPA in January 2008 and January 2009.

LAND STATUS

The Nokomis Property is located in northern Minnesota, Lake County, Townships 61N and 62N, Range 11W.

State leases, private leases and federal permits for the Nokomis Property are registered to Duluth Metals Corp. (DMC), a Delaware corporation and wholly-owned subsidiary of DML. DML is a corporation registered in Ontario, Canada that is listed on the Toronto Stock Exchange. DMC has also leased private mineral rights and owns 480 acres (194 ha) of private surface rights within the property. DML and DMC are both authorized to carry on business in Minnesota.

DML, through its U.S. subsidiary DMC, now holds seven State of Minnesota non-ferrous mineral leases, two federal prospecting permits and four private leases covering 11 contiguous parcels of lands containing the Nokomis Deposit. These combined properties are referred to as the Nokomis Property. The total Nokomis land package held by DMC covers 3,001 acres (1,215 ha) as measured by its mineral rights holdings**.** The lands are located in the Superior National Forest area, but some of the surface and subsurface rights are held by either the State of Minnesota or by private landowners. Each lease or permit is subject to rules which may differ between jurisdictions.

Additional state and private lands outside the Nokomis Property have been leased or optioned and added to DMC's holdings. These additional lands either lie within the Duluth Complex and are prospective for further discoveries of economic mineral deposits or are considered to be strategic for the development of the Nokomis Deposit. DMC's total holdings now stand at approximately 18,500 acres (7,487 ha) of mineral rights and 14,000 acres (5,666 ha) of surface rights.

EXPLORATION HISTORY

Exploration has been conducted in the vicinity of the Nokomis Property, both in the Duluth Complex and in the footwall metasedimentary and granitic rocks, since the late-1800s for iron and, from the 1950s, for copper and nickel. Drilling for copper and nickel has been carried out by major mining companies including Inco, Duval, Kennecott, Newmont and US Steel. In 1985, the Minnesota Department of Natural Resources re-analyzed core from the early copper-nickel exploration drill holes and found significant PGEs. This prompted the re-evaluation of a number of known deposits in the western portion of the Duluth Complex.

Recent exploration by DML's predecessor company, WM, began in 1999 primarily on the adjoining Maturi Property and nearby Spruce Road Property, now held by Franconia Minerals Corporation (Franconia). WM began acquiring lands that now comprise the Nokomis Property in 1999 and 2000.

From March 2006 to January 2007, DML diamond drilled 10,384.5 m (34,070 ft.) in 11 holes (MEX 001 to 011 inclusive).

From January 2007 to January 2008, DML completed 81 drill holes for a total of 71,303 m (233,933 ft.). This campaign included four wedge cuts from hole MEX-0075M and one wedge cut from hole MEX-0081M (both metallurgical sampling holes).

From January 2008 to the end of April 2008, DML drilled 40 holes totalling 23,723 m (77,832 ft.), including 19 wedge holes for metallurgical samples. MEX-0108, drilled in April 2008, was the last hole used in the previous resource estimate (Routledge, 2008). Note that the assay data for hole MEX-0106 was missing from the 2008 estimate but was added to the database for inclusion in the 2009 estimate.

From April 2008 to March 2009 an additional 91 holes were drilled, including 43 wedge cuts for metallurgical sampling. These holes, which total 48,014 m (157,527 ft.), have been used to update the geological wireframes and the Nokomis resource estimate of Routledge (2008). MEX-0109 is the first hole in this latest series.

GEOLOGY AND MINERALIZATION

The Nokomis Property overlies rocks belonging to the Precambrian Superior Province. Specifically, the deposit is located in the northern part of the Duluth Complex, a composite intrusion that occupies an area of approximately 6,500 $km^{2.}$ This intrusion, which has a northeast-southwest orientation, extends for approximately 240 km from the Ontario border to the City of Duluth, and attains a width of up to 50 km on surface.

The Duluth Complex consists of anorthositic, troctolitic, gabbroic to ferrogranodioritic, and granitic/granophyric rocks. Footwall contacts on the west and north sides of the intrusion are sharp against metagreywackes and slates of the Middle Precambrian Virginia Formation, the Biwabik Iron Formation of the Mesabi Range, and

the Early Precambrian monzonites of the Giants Range Batholith. The contact and base of the complex dip shallowly to moderately southeast at -10˚ to -35˚.

The Nokomis Property is underlain by the South Kawishiwi Intrusion (SKI), one of the 12 intrusions making up the Duluth Complex. The Nokomis Deposit is hosted by an assemblage of ultramafic and mafic rocks, varieties of troctolites and gabbros. It is located at the base of the SKI where it parallels the footwall contact with Giants Range monzonites.

As currently modelled, the Nokomis Deposit consists of a generally tabular-shaped zone of disseminated copper-nickel-iron sulphide mineralization. Locally, the Nokomis mineralization straddles the SKI-Giants Range Batholith contact and higher-grade copper values may be concentrated near the hangingwall and footwall parts of the main body. The Nokomis mineralization dips from -35° to -25° toward the southeast and extends to vertical depths of more than 1,300 m (4,265 ft.). The Nokomis Deposit has a strike length of approximately 5.5 km and is open at depth and along strike.

MINERAL RESOURCES

Scott Wilson RPA has reviewed data for the Nokomis Deposit and has independently estimated Mineral Resources in accordance with the requirements of NI 43-101 and the definitions set out by the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005. The resource estimate is based on diamond drilling and core sampling data and employs 3D computer block modelling with a combination of ordinary kriging for base metal interpolation and inverse distance squared (ID^2) for platinum-group elements (PGE) and precious metal grade interpolation. The search strategy is constrained by wireframe models of the deposit constructed at a cut-off grade of 1.0% copper equivalent (CuEq). The wireframes were constructed using the preliminary metallurgical recoveries and long term metal prices from the Scott Wilson RPA Preliminary Assessment study (January 2008).

The Cu-Ni-PGE mineralization of the Nokomis deposit is, in part, the down-plunge extension of the Maturi Deposit. The latter is located on the northwest side of the DML property within the Franconia Federal Lease lands. To create the Nokomis deposit model the recent drilling and assay data from the Nokomis Property has been combined with similar data from historic holes located on and off the Nokomis Property. Some of the publicly available historic data has incomplete or missing values for Co, PGE, Au and Ag assays. Consequently, the missing grades for these elements were calculated using a linear regression equation using the recent, and more complete, MEX dataset. Details of the linear regression methodology can be found in Routledge (2008).

Using the current and historic data, a geological wireframe has been created for an area that is larger than the current Nokomis Property. The wireframe is closest to the surface (within about 130 m or 427 ft.) in the northwestern part of the model and deeper on the southeastern side (about 1,300 m or 4,265 ft.). In order to constrain the resource estimate, the geological wireframe was clipped using the Nokomis Property boundary. The resource estimate is based entirely on diamond drilling and core sample assays. Copper equivalent (CuEq%) is based on Net Smelter Return Factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008 and reflects expected metal prices and process recovery and refining charges.

Table 1-1 presents the Indicated and Inferred Resources at a 1% CuEq cut-off and various copper cut-off grades. Based on Scott Wilson RPA's review of metal prices, process recoveries, refining costs and future underground mine operating costs for the Nokomis Deposit, the 1.0% CuEq cut-off grade is reasonable for the statement of Indicated and Inferred Resources at this time.

In addition to the six elements shown in Table 1-1, Scott Wilson RPA has also estimated the silver content of the Nokomis Deposit. Within the Indicated category, there are 37 million ounces of silver (550 million tonnes at 2.116 g/t Ag), while the Inferred category contains 18 million ounces (274 million tonnes at 2.056 g/t Ag). Silver is

reported separately because there is no information on silver recoveries and, consequently, it could not be included in the CuEq calculation.

TABLE 1-1 SUMMARY OF MINERAL RESOURCES AT VARIOUS CUT-OFF GRADES
Duluth Metals Limited - Nokomis Deposit, Minnesota

As of October 26, 2009

Indicated Resources									
Cut-off Grade	Tonnes (000's)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	550,038	0.639	0.200	0.010	0.092	0.176	0.392	0.660	1.51
0.5% Cu	482,438	0.666	0.206	0.010	0.098	0.188	0.420	0.706	1.57
0.6% Cu	327,847	0.719	0.216	0.011	0.110	0.216	0.482	0.808	1.69
0.7% Cu	157,803	0.797	0.231	0.011	0.127	0.256	0.567	0.950	1.87
0.8% Cu	59,958	0.886	0.242	0.011	0.149	0.307	0.676	1.132	2.07
Inferred Resources									
Cut-off Grade	Tonnes (000's)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	273,835	0.632	0.207	0.010	0.091	0.185	0.409	0.685	1.53
0.5% Cu	252,000	0.648	0.210	0.010	0.094	0.192	0.424	0.710	1.57
0.6% Cu	158,651	0.700	0.218	0.010	0.109	0.227	0.499	0.835	1.69
0.7% Cu	63,846	0.785	0.229	0.010	0.131	0.278	0.601	1.010	1.88
0.8% Cu	20,275	0.865	0.239	0.010	0.134	0.307	0.657	1.098	2.03

Notes:
1. CIM definitions were followed for Mineral Resource estimation and classification.
2. Mineral Resources are estimated at a zone definition (wireframe) cut-off grade of approximately 1.0% Cu equivalent grade (CuEq).
3. The approximately 1.0% CuEq cut-off grade includes all material in the wireframe zones.
4. Bulk density is 3.01 t/m^3.
5. Resources were estimated to a maximum depth of approximately 1,350 m.
6. Copper equivalent (CuEq%) is based on Net Smelter Return Factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008.
7. Metal Prices used were $1.75/lb copper, $7.00/lb nickel, $10.00/lb Co, $600/oz Au, $1100/oz Pt and $350/oz Pd.
8. Copper equivalent (CuEq%) = Cu% + 3.03 x Ni% + 0.63 x Co% + 0.30 x Au g/t + 0.76 x Pt g/t + 0.24 x Pd g/t based on expected metal prices and process recovery and refining charges.
9. TPM is Au g/t + Pt g/t + Pd g/t.
10. Co, Au, Pt, Pd grades, that are lacking in historic drill holes, have been entered in the resource database based on regression of assay grades from DML drill hole assays.

Six higher-grade areas have been defined within the Nokomis deposit and these have been informally termed the Eastern, Central and Western Areas, and Areas A, B and C. The six higher-grade areas are reviewed in Appendix B.

MINERAL RESERVES

No Mineral Reserves have been estimated for the Nokomis Property.

ENVIRONMETAL STATUS

In order to operate as an exploration and mining company in the State of Minnesota, DML must abide by all federal and state laws pertaining to exploration, development, extraction, processing, reclamation, material storage, handling and disposal, inter-state and intra-state transportation, international trade and treaty, labour and other laws, statutes and permits required for this industry and the particular location(s) in which it operates. On private lands held under lease, the agreement requires that all exploration and mining operations conducted on leased land be done in compliance with all laws, ordinances, regulations, rules, orders, permits and requirements now existing or hereafter enacted, adopted or made by federal, state and municipal authorities having jurisdiction over such exploration and mining operations.

METALLURGY

Initial metallurgical testing of a 252 kg composite sample of drill core was completed by SGS Lakefield Research in Lakefield, Ontario (SGS Lakefield) and reported by DML in a press release dated October 3, 2007. These initial tests, using conventional floatation-concentration with recovery by the proprietary PLATSOL™ process, achieved recoveries of 94.9% for Cu, 71.8% for Ni, 83.9% for Pt, 85.4% for Pd and 61.3% for Au. Further metallurgical testing on drill core composites (using sample rejects) and solid core from dedicated metallurgical drill holes is underway at SGS Lakefield (DML press release dated January 15, 2008). DML reports that this phase of metallurgical testing is still on-going (December 2009) and no results are available.

INTERPRETATION AND CONCLUSIONS

Scott Wilson RPA has independently estimated both Indicated and Inferred Mineral Resources for the Nokomis Deposit using 3D block modelling and grade interpolation by ordinary kriging and inverse distance squared. The depth, tonnes and grade profile for this deposit indicate bulk underground mining should be the preferred method of exploitation.

The Nokomis Deposit is located within DML's Nokomis Property within which the 2007-2009 diamond drilling has been concentrated. The Cu-Ni-Co-Au-PGE bearing mineralization extends up-dip (off the property) to the west and northwest and is more or less, continuous with the mineralization known as the Maturi Deposit.

The wider-spaced drilling pattern from previous years was reduced by in-fill drilling in 2007, 2008 and 2009. As shown in this report, the closer-spaced drilling has created a larger Indicated Resource category for the Nokomis Deposit when compared to the 2007 and 2008 estimates. In fact, the majority of the 2007-2009 drill holes are located within the Indicated Resource domain. The Nokomis Deposit remains open down-dip and along strike, where there is the potential for additional resources.

The resource estimate is based entirely on diamond drilling and core assaying from both DML and previous explorers. Scott Wilson RPA has checked DML's drilling and assaying methodology and notes that it has been carried out to current industry standards. Scott Wilson RPA was unable to verify the methodology of the previous explorers but notes that the Indicated Resource (higher-confidence) is defined mostly by DML's recent MEX series holes which have verifiable data. The estimate does use some of the historic drill holes that are known to have less reliable down-hole surveys and generally lack cobalt, gold and PGE assays. In general, these historic holes are located within the Inferred Resources category.

In order to use the pre-DML holes, the missing cobalt, gold and PGE grades were estimated as "calculated values" derived from a regression analysis of the more complete

DML assays. This permits interpolation of grades into those resource blocks that extend across the north and west property boundaries. Because of the uncertainties attached to these historic holes the resource classification for these blocks is lower than that for blocks using the MEX series drilling data. Even with these minor uncertainties, Scott Wilson RPA's believes that the database is suitable for resource and reserve estimation.

The resources on the Nokomis Property were reported by clipping the resource block model at the property boundary. Property boundaries follow the State Public Land System and, for the most part, are not evident on the ground, although a Township survey marker has been located. Going forward with exploration and potential development, a boundary survey will be necessary. Since the Nokomis Deposit is, in part, continuous down dip from the Maturi Deposit located on Franconia's land to the west and northwest, accurate positioning of the boundary is necessary to delineating resources on the respective properties.

RECOMMENDATIONS

This Scott Wilson RPA Resource Estimate Update indicates that the Nokomis Deposit merits further work, much of which was recommended in the Preliminary Assessment. Areas of concentration include:

1. Upgrade drilling to benefit mine development planning, provide metallurgical samples, and provide samples for waste rock characterization.

2. Continue with environmental baseline data collection, scoping, modelling, sampling, and inventory, and continue to focus on the requirements needed for permitting.

3. Undertake rock quality and mine planning studies.

4. Continue flotation and hydrometallurgical test work and conduct pilot plant operations to confirm recoveries, to allow the development of detailed process design criteria, and to demonstrate product purity samples.

5. Tailings chemistry and disposal should be evaluated, including options for paste backfill.

6. Initiate the Pre-Feasibility stage of assessment.

RECOMMENDED PROGRAM AND BUDGET

DML has initiated all of the recommendations set out in the January 08, 2009 Preliminary Assessment and these activities are at various stages of completion. For example, approximately 38 metric tonnes of metallurgical bulk sample has been collected using a large diameter PQ drill program and this core is currently securely stored at Ely, Minnesota in sealed drums purged with nitrogen.

A recommended program and budget for the continuation of these activities through to the end of 2010 is shown in Table 1-2.

TABLE 1-2 RECOMMENDED PROGRAM AND BUDGET
Duluth Metals Limited – Nokomis Deposit, Minnesota

Category	Amount, $
Boundary Survey	40,000
Continued and upgraded drilling (NQ & PQ)	8,000,000
Geologic Studies	300,000
Mining Services, Planning & Studies	1,500,000
Metallurgical Testing	3,000,000
Environmental (Review Baseline & Scoping Studies)	4,000,000
Pre-feasibility and Other Consulting Studies	3,000,000
Sub-Total	**19,840,000**
Working capital, Overhead and Administration	6,000,000
Total	**25,840,000**

2 INTRODUCTION AND TERMS OF REFERENCE

INTRODUCTION

Scott Wilson Roscoe Postle Associates Inc. (Scott Wilson RPA) was asked by Duluth Metals Limited (DML) to update the previous resource estimate (Scott Wilson RPA, July 2008) for the Nokomis Deposit, in Minnesota, U.S.A., and to prepare a Technical report complying with the requirements of National Instrument (NI) 43-101. Scott Wilson RPA, and precursor firm Roscoe Postle Associates Inc., have prepared other NI 43-101 Technical Reports on the Maturi Extension Properties (the former name of the Nokomis Property) for Wallbridge Mining Company Limited (WM) dated December 30, 2005 (Cargill, 2005a), and for DML dated May 31, 2006, August 8, 2007, January 8, 2008, July 18, 2008 and January, 2009.

The Nokomis Property is located approximately 22 kilometres southeast of the town of Ely, in northern Minnesota, U.S.A. The property hosts a large zone of copper-nickel-PGE mineralization known as the Nokomis Deposit. This deposit is located near the base of the Duluth Complex at depths varying from 130 m to more than 1,300 m (425 ft. to 4,270 ft.) below surface. Exploration drilling of the Nokomis Deposit is at an advanced stage, with 155 diamond drill holes (and numerous wedge cuts) having been completed by DML between 2006 and mid-March 2009. An initial resource estimate was prepared for DML by Scott Wilson RPA in June 2007 followed by a Preliminary Assessment in January 2008. A further resource estimate was prepared by Scott Wilson RPA in July 2008 and this was followed by another PEA in January, 2009. Drilling, including large diameter core for collection of a bulk sample, metallurgical test work and environmental baseline studies, is ongoing. Results of these work programs will be used to provide inputs into a Pre-feasibility Study.

A new geological wireframe has been created for the Nokomis deposit using a 1% CuEq cut-off grade. The CuEq formula was defined in a previous Preliminary

Assessment report (Scott Wilson RPA, 2008) using long term metal prices, metal recoveries and suitable mining costs (amongst others).

Mr. Christopher Moreton Ph.D., P.Geo, visited the Nokomis Property and the DML core logging facility on July 14-15, 2009. During the review of data on site and the preparation of this report, discussions were held with the following DML personnel, who provided full cooperation:

- Christopher Dundas, B. Comm., MBA, Chairman and Director
- Dr. Henry Sandri, B.Sc., M.A., Ph.D. Mineral Economics, President, CEO and Director
- Alar Soever, B.Sc., P. Geo., DML Director
- David Oliver, B.Sc., P. Geo., Project Manager
- Kevin Boerst, B.Sc., M.Sc., Geologist
- Dr. Dean Peterson, B.Sc., Ph.D. Geology, Senior VP Exploration

Richard E. Routledge, M.Sc., P.Geo., has visited the property for previous reports, on May 17 and 18, 2006, and on March 13-15, 2007.

UNITS AND LIST OF ABBREVIATIONS

The Nokomis Property is located in the U.S.A. where the Imperial System of measurement is used. Length is expressed in feet and tenths of feet, volume is expressed as cubic feet, mass expressed as short tons (tons), while nickel and copper grades are expressed as percents. Core logging and sampling records for the Nokomis Property are recorded in Imperial units. The precious and platinum group metals grades are reported in parts per million in the laboratory analysis reports. These analyses (assays) are entered in the resource database as grams per tonne. Imperial units have been converted to SI (metric system) in the database and Scott Wilson RPA reports the resource estimate in SI units.

Drill hole collar locations are surveyed in Universal Transverse Mercator (UTM) coordinates relative to the 1983 North American Datum (NAD 83) for the U.S.A.

Dollars are expressed in United States currency unless otherwise noted. The exchange rate used in this report is C$1.05 per US$1.00 except where applied historically. Table 2-1 shows abbreviations used in this report.

TABLE 2-1 STANDARD LIST OF ABBREVIATIONS
Duluth Metals Limited - Nokomis Deposit, Minnesota

Abbr.	Meaning	Abbr.	Meaning
μ	micro (one-millionth)	km^2	square kilometre
°C	degree Celsius	kPa	kilopascal
°F	degree Fahrenheit	kVA	kilovolt-amperes
μg	microgram	kW	kilowatt
Amp	ampere	kWh	kilowatt-hour
a	annum	L	litre
cfm	cubic feet per minute	L/s	litres per second
bbl	barrels	m	metre
Btu	British thermal units	M	mega (million)
C$	Canadian dollars	m^2	square metre
cal	calorie	m^3	cubic metre
cm	centimetre	min	minute
cm^2	square centimetre	masl	metres above sea level
d	day	mm	millimetre
dia.	diameter	mph	mile per hour
dmt	dry metric tonne	MVA	megavolt-amperes
dwt	dead-weight ton	MW	Megawatt
ft	foot	MWh	megawatt-hour
ft/s	foot per second	m^3/h	cubic metres per hour
ft^2	square foot	opt, oz/st	ounce per short ton
ft^3	cubic foot	oz	troy ounce (31.1035g)
g	gram	oz/dmt	ounce per dry metric tonne
G	giga (billion)	ppm/ppb	part per million/per billion
Gal	Imperial gallon	psia	pound per square inch
g/l	gram per litre	psig	pound per square inch
g/t	gram per tonne	s	second
Gpm	Imperial gallons per minute	st	short ton
gr/ft^3	grain per cubic foot	stpa	short ton per year
gr/m^3	grain per cubic metre	stpd	short ton per day
hr	hour	t	metric tonne
ha	hectare	tpa	metric tonne per year
hp	horsepower	tpd	metric tonne per day
in	inch	US$	United States dollar
in^2	square inch	USg	United States gallon
J	joule	USgpm	US gallon per minute
k	kilo (thousand)	V	volt
kcal	kilocalorie	W	watt
kg	kilogram	wmt	wet metric tonne
km	kilometre	yd^3	cubic yard
km/h	kilometre per hour	yr	year

3 RELIANCE ON OTHER EXPERTS

This report has been prepared by Scott Wilson RPA for DML. The information, conclusions, opinions, and estimates contained herein are based upon:

- Information available to Scott Wilson RPA at the time of preparation of this report
- Assumptions, conditions, and qualifications as set forth in this report, and
- Data, reports, and opinions supplied by DML and other third party sources (listed below). Scott Wilson RPA does not guarantee the accuracy of conclusions, opinions, or estimates that rely on third party sources for information that is outside the area of technical expertise of Scott Wilson RPA.

Scott Wilson RPA relied on the following reports and opinions from DML for the information that is outside the area of technical expertise of Scott Wilson RPA:

- Information on property holdings, lease agreements and legal status of property title was provided by DML. For the land description and DML's holdings in Item 4 of this report, Scott Wilson RPA relied on the verification of factual accuracy and legal sufficiency of the description provided by DML's attorneys (Lorass, 2009). Scott Wilson RPA has not researched title to the Nokomis Property and Scott Wilson RPA does not express any opinion in connection with title.

Except for the purposes legislated under provincial securities law, any use of this report by any third party is at that party's sole risk.

4 PROPERTY DESCRIPTION AND LOCATION

State leases and federal permits for the Nokomis Property are registered to Duluth Metals Corp. (DMC), a Delaware corporation and wholly-owned subsidiary of DML. DML is a corporation registered in Ontario, Canada that is listed on the Toronto Stock Exchange. DMC retains leased private mineral rights and owns 480 acres (194 ha) of private surface rights overlying leased mineral rights within the property. DML and DMC are both authorized to carry on business in Minnesota.

The Nokomis Property is located in northern Minnesota, Lake County, Townships 61N and 62N, Range 11W in the U.S.G.S. Kangas Bay and Bogberry Lake 7.5 Minute quadrangles (Figures 4-1, 4-2 and 4-3). The properties are centred approximately at:

- North latitude 47° 47’ 0”; west longitude 91° 42’ 30”
- UTM coordinates Zone 15, 595,500E, 5,295,300N (NAD 83 CONUS)
- UTM coordinates Zone 15, 595,516E, 5,295,082N (NAD 27 CONUS).

LAND DESCRIPTION AND DULUTH METALS HOLDINGS

Land in Minnesota is held by a combination of private leases, State leases, and federal permits, and this land is subject to typical United States split-estate holdings, where the surface owner(s) may be different from the subsurface owner(s). Various rights are also subject to United States split-estate rules so that, for example, the mineral rights owner may be different from the hydrocarbon rights owner. According to U.S. law, in split-estate situations, mineral rights are considered to be the dominant estate and take precedence over other rights associated with the property, including those associated with surface ownership. However, the mineral owner must show due regard for the interests of the surface estate owner and occupy only those portions of the surface that are reasonably necessary to develop the mineral estate.

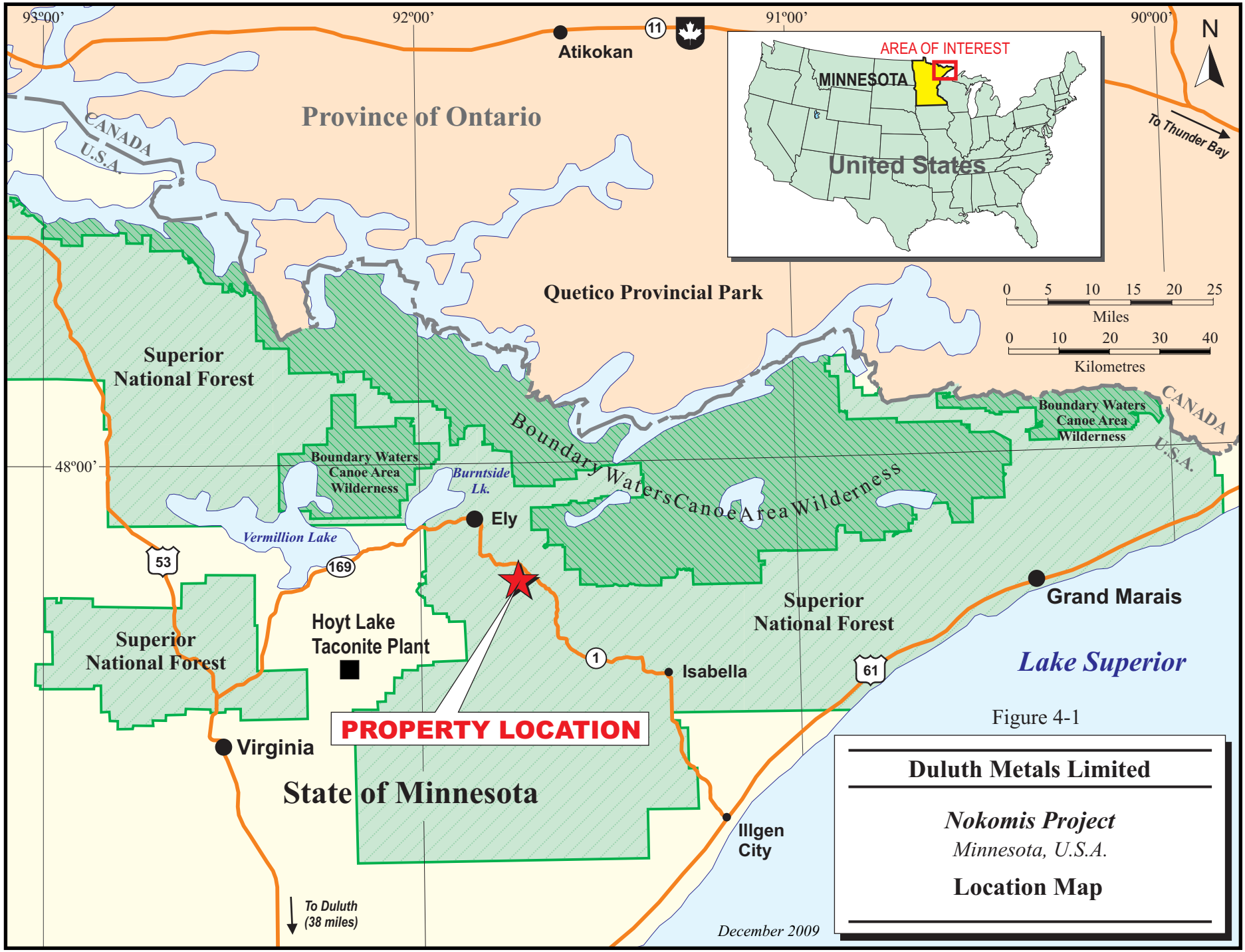


Figure 4-1

Duluth Metals Limited

Nokomis Project

Minnesota, U.S.A.

Location Map

December 2009

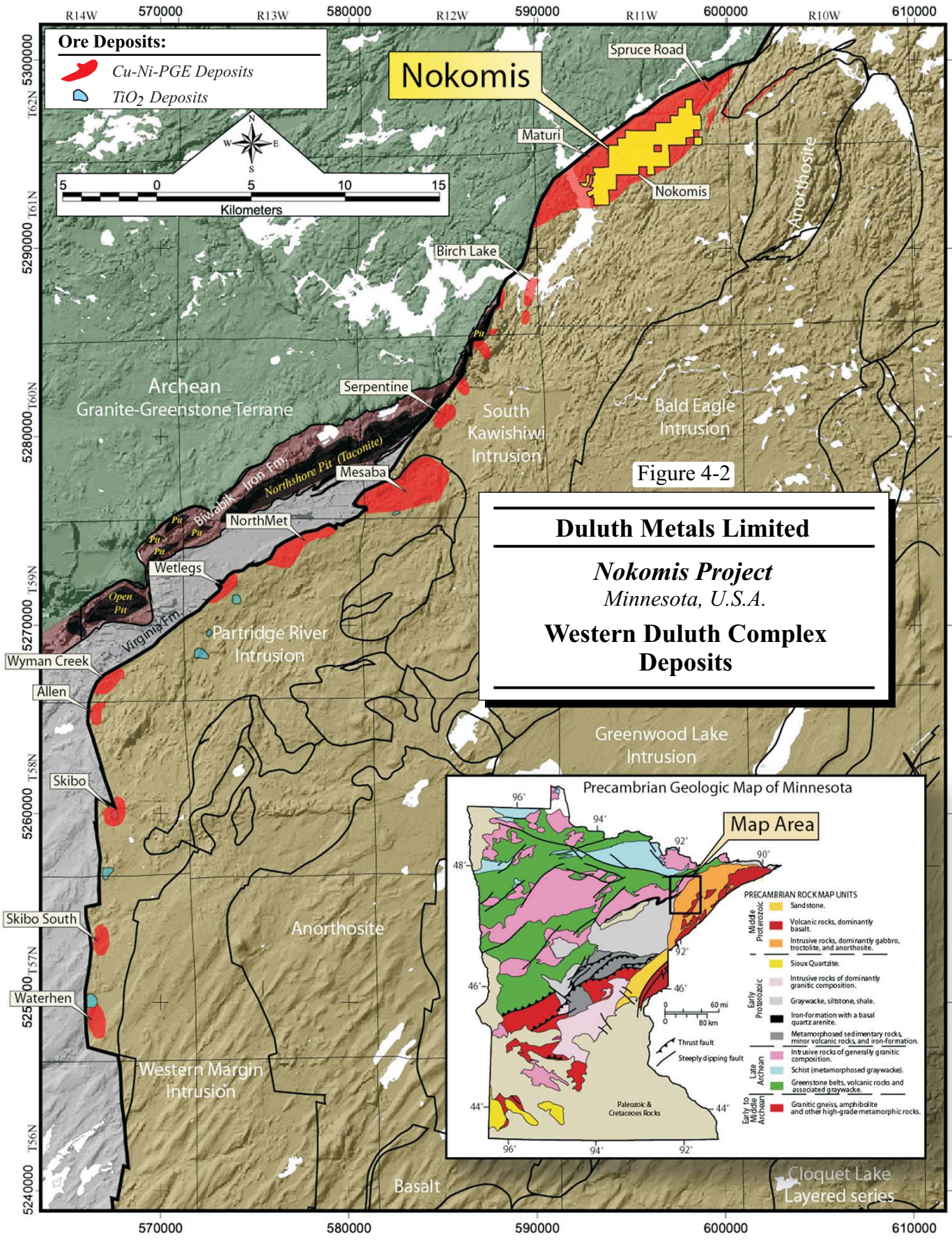


Figure 4-2

Duluth Metals Limited

Nokomis Project

Minnesota, U.S.A.

Western Duluth Complex Deposits

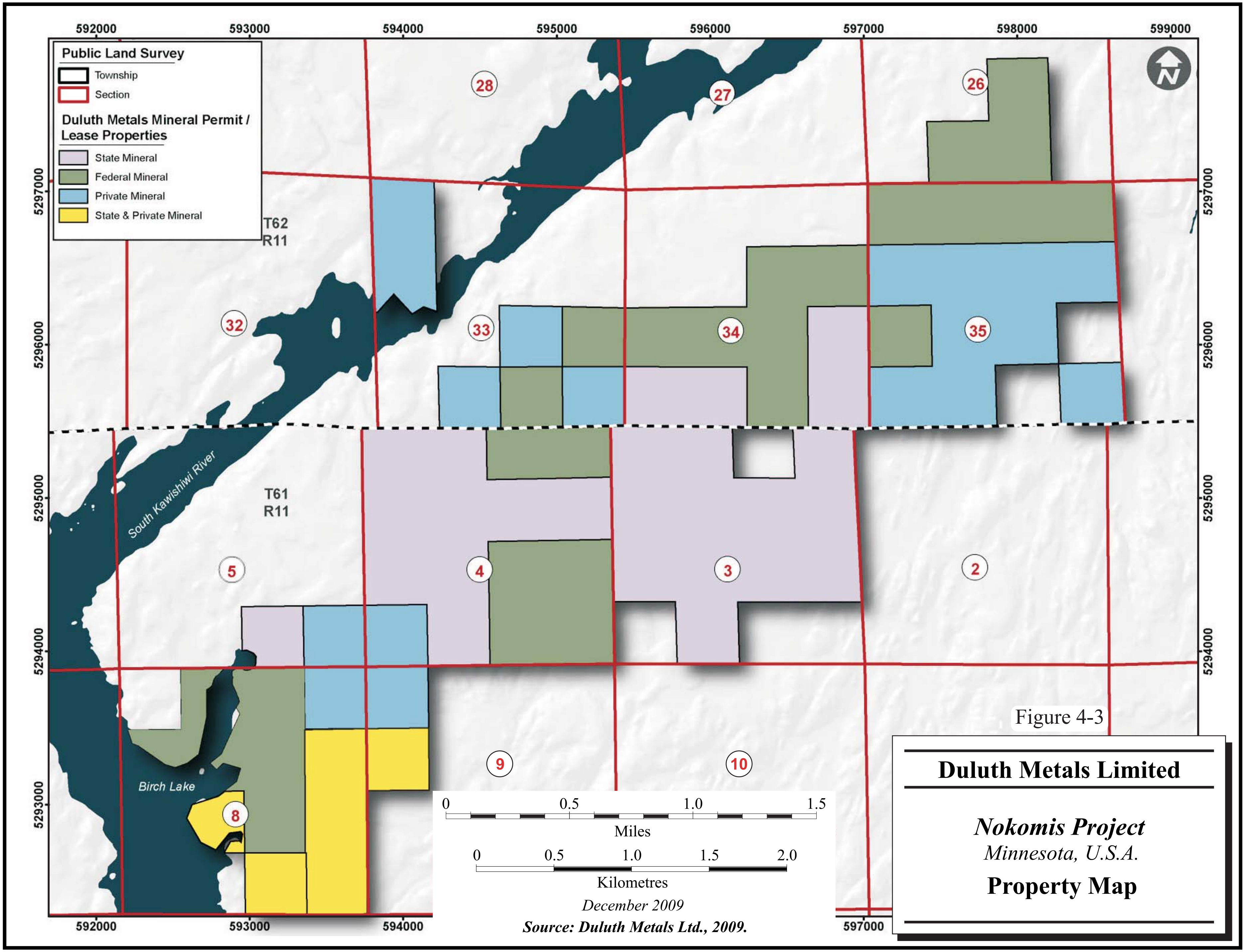
December 2009

Source: The University of Minnesota, Modified by Duluth Metals Limited, 2009.

DML, through its U.S. subsidiary DMC, now holds seven State of Minnesota non-ferrous mineral leases, two federal prospecting permits and four private leases covering 11 contiguous parcels of lands containing the Nokomis Deposit. These combined properties are referred to as the Nokomis Property. The total Nokomis land package held by DMC covers 3,001 acres (1,215 ha) as measured by its mineral rights holdings (Figure 4-3). The lands are located in the Superior National Forest area, but some of the surface and subsurface rights are held by either the State of Minnesota or by private landowners. Each lease or permit is subject to rules which may differ between jurisdictions.

Additional state and private lands outside the Nokomis Property have been leased or optioned and added to DMC's holdings. These additional lands either lie within the Duluth Complex and are prospective for further discoveries of economic mineral deposits and/or are considered to be strategic for the development of the Nokomis Deposit. DMC's total holdings now stand at approximately 18,500 acres (7,487 ha) of mineral rights and 14,000 acres (5,666 ha) of surface rights.

U.S. National Forests are protected forests and woodland areas in the United States. National Forests are controlled by the federal government and managed by the United States Forest Service, under the direction of the U.S. Department of Agriculture. Commercial use of National Forests is permitted and in many cases encouraged. The management of these lands focuses on timber harvesting, livestock grazing, mining, oil and gas extraction, water, wildlife management and recreation. The U.S. Bureau of Land Management, a division of the U.S. Department of Interior, has management responsibility for federal minerals beneath the National Forests.



Public Land Survey
Township
Section
Duluth Metals Mineral Permit / Lease Properties
State Mineral
Federal Mineral
Private Mineral
State & Private Mineral
T62 R11
T61 R11
South Kawishiwi River
Birch Lake
28
27
26
32
33
34
35
5
4
3
2
9
10
8
592000
593000
594000
595000
596000
597000
598000
599000
5297000
5296000
5295000
5294000
5293000
0 0.5 1.0 1.5
Miles
0 0.5 1.0 1.5 2.0
Kilometres
December 2009
Source: Duluth Metals Ltd., 2009.
Figure 4-3
Duluth Metals Limited
Nokomis Project
Minnesota, U.S.A.
Property Map

The Superior National Forest, which encompasses more than 3 million acres (1.21 million ha) of land in northeast Minnesota, was established in 1909 by President Theodore Roosevelt. The Nokomis Property is completely enclosed within the forest boundaries. The Superior National Forest is open to commercial development, including mining. DMC's private and state holdings fall under Minnesota State rules even though they lie within the National Forest.

The state leases are issued by the State of Minnesota, Department of Natural Resources, and the federal prospecting permits are issued by the U.S. Bureau of Land Management. The seven state leases cover an area of 1,120 acres (530 ha) and the two federal prospecting permits cover an area of 1,044.3 acres (423 ha). Four private mineral leases cover an additional 836 acres (338 ha) and are held pursuant to agreements with:

- RGGS Land & Minerals, Ltd. (RGGS) dated as of January 1, 2006
- St. Croix Lumber originally dated December 15, 2006
- Maki group dated March 17, 2007
- Fosters dated February 12, 2008

All of these private interests are unrelated to and wholly at arm's length from DMC.

STATE LEASES

State leases to explore for, mine and remove metallic minerals are held for a period of 50 years; DMC was granted its leases during 2000, 2007 and in 2008. These leases are subject to an incremental rental fee of $1.50 per acre for the initial three years, increasing to $5.00 per acre for the next three years, $15.00 per acre for the next five years, and finally $30.00 per acre for each remaining year. DMC is currently paying $15.00 per acre per year. Rights conveyed in these leases exclude the extraction of iron ore, taconite ores, coal, oil, gas and other liquid or gaseous hydrocarbons, which would be covered under separate state leases. The timing of the payments and increments are adjusted to the date of issuance.

In Minnesota, an operating mining company pays a production royalty in addition to lease payments and income taxes. The base royalty rate is 3.95% of the Net Return Value. In the case of two leases, an additional bonus rate of 0.50% is applied. This royalty is paid by the lessee to the State of Minnesota for metallic minerals and associated mineral products recovered from the state-leased premises. The base rate is escalated for such recovered metallic products that have a Net Return Value greater than $75.00 per Ton of Dried Crude Ore. The latter is indexed to the unadjusted Producer Price Index for All Commodities (1982 = 100.0), as published by the Bureau of Labour Statistics (BLS) of the U.S. Department of Labour, tied to the index for November 1994 (the "Base Index" which equalled 121.5), and is to be calculated for the first month in the calendar quarter in which the royalty payment will be made. By way of example, based on the above formula, the escalated base rate of $75.00 per Ton of Dried Crude Ore would equal $115.35 per Ton of Dried Crude Ore as of October 2009 (based on recent published BLS statistics). The rate rises to the maximum 20% if such Net Return Value exceeds $444.01 per Ton of Dried Crude Ore (indexed as stated above to $681.56 as of October 2009).

FEDERAL PROSPECTING PERMITS

DMC's federal prospecting permits were issued in December 2001. They have been held for their initial period of two years and have been extended for a subsequent four years. Per the standard property advancement procedures for federal prospecting permits, DMC will convert its federal prospecting permits to a preference rights lease in order to retain and further explore and develop the properties. In the case of these and other federal prospecting permits in the Superior National Forest, deadlines for making applications for lease have been extended by the BLM. The earliest due date is now May 2011. According to federal regulations, in order to obtain a preference rights lease, the applicant must hold a federal prospecting permit for the area it wants to lease, apply for a preference rights lease, submit the first year annual lease payment, provide information required as stated in the U.S. Code of Federal Regulations (CFR) § 3507.17, including maps, a proposed mining and processing approach, a description of saleable products and markets, utilities and infrastructure in the area, and the applicant must demonstrate that it has discovered a valuable deposit covered by its prospecting permit. A valuable deposit

is principally defined by the geologic assessment of the mineral deposit, detailing the type and extent of exploration, including results, that has taken place on the lands covered by the federal prospecting permit, as well as the exploration on adjacent non-federal lands that are part of any future resource and/or reserve estimation. Valuable mineral deposit lands may include lands covered by the federal prospecting permit as well as adjacent non-federal lands that may be required for the development and operation of any potential future operations associated with minerals found on the federal prospecting permit, such as mill and processing sites.

DMC will be submitting its application for a preference rights lease on its federal prospecting permits in accordance with federal regulations and specific application dates. The preference rights lease applications are currently due in May 2011.

PRIVATE LEASED LANDS

DMC currently has leases from RGGS covering fourteen 40 acre (16 ha) parcels, situated in Lake County, Minnesota, which comprise the Private RGGS Leased Lands. These leases are leased in an "as is" condition to DMC for the purposes of exploring, prospecting, drilling and test-pitting the properties. The leases grant DMC the sole and exclusive right to mine and extract and to carry on mining, milling and refining operations with respect to all mineral substances of a metalliferous nature. The RGGS Leases provide for a production royalty of 5% of the Net Return Values on products recovered in the mill concentrate obtained from the Private Leased Lands, less certain additional allowable charges.

On December 15, 2006 DMC leased mineral rights from St. Croix Lumber (St. Croix). In July 2007, the agreement was amended to include additional lands which increased the total number of acres to 229 acres (93 ha). This lease gives DMC 50% of the mineral rights on the 229 acres (93 ha). The complementary mineral rights have been leased from the State of Minnesota. Royalty payments are proportional to the percentage of the interest owned. After the commencement of commercial production, a royalty payment of 3% of the Net Return Value is due.

Two other private mineral leases were acquired in 2007 and 2008 from the Maki group and the Fosters. Together, these two leases cover 160 acres (65 ha). These leases are for partial interests of the same mineral land. Royalty payments are proportional to the percentage of the interest owned. After the commencement of commercial production, a royalty payment of 3% of the Net Return Value is due.

Surface rights totalling 440 acres (178 ha) over existing DMC mineral leases were purchased in March 2008. This provides DMC with private surface rights for exploration operations and possible future development infrastructure. These surface rights overlie 160 acres (65 ha) of the St. Croix / State leases and all but 40 acres (16 ha) of the RGGS mineral rights lease in section 35.

Table 4-1 lists the property leases.

TABLE 4-1 MINNESOTA PROPERTY LEASES

Duluth Metals Limited - Nokomis Property

County **Lake**
Townships **61N / 62N**
Range **11W (all parcels)**

Lease #	Section		Holder	Form of Title	Surface Rights
Federal Jurisdiction					
MNES050652	4	SE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	4	N1/2 of the NE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	26	SE1/4 of the SW1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	26	W1/2 of the SE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	33	SW1/4 of the SE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	33	NE1/4 of the SE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	34	N1/2 of the SW1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	34	W1/2 of the SE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	34	S1/2 of the NE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	35	N1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050652	35	NW1/4 of the SW1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050846	8	Lot 1	DMC	RENEWED PERMIT	FEDERAL
MNES050846	8	Lot 3	DMC	RENEWED PERMIT	FEDERAL
MNES050846	8	Lot 4	DMC	RENEWED PERMIT	FEDERAL
MNES050846	8	SW1/4 of the NE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050846	8	PtN1/2 of the NE1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050846	8	NE1/4 of the NW1/4	DMC	RENEWED PERMIT	FEDERAL
MNES050846	8	NW1/4 of the SE1/4	DMC	RENEWED PERMIT	FEDERAL

Lease #		Section	Holder	Form of Title	Surface Rights
State Jurisdiction					
MN-9828	5	SW1/4 of the SE1/4	DMC	LEASE	STATE
MN-9764-N	4	S1/2 of the NE1/4	DMC	LEASE	STATE
MN-9764-N	4	Lot 3	DMC	LEASE	STATE
MN-9764-N	4	Lot 4	DMC	LEASE	STATE
MN-9764-N	4	S1/2 of the NW1/4	DMC	LEASE	STATE
MN-9764-N	4	N1/2 of the SW1/4	DMC	LEASE	STATE
MN-9764-N	4	SE1/4 of the SW1/4	DMC	LEASE	STATE
MM-9756-P	34	S1/2 of the SW1/4	DMC	LEASE	STATE
MM-9756-P	34	E1/2 of the SE1/4	DMC	LEASE	STATE
MM-9755-P	3	Lot 1	DMC	LEASE	STATE
MM-9755-P	3	S1/2 of the NE1/4	DMC	LEASE	STATE
MM-9755-P	3	Lot 3	DMC	LEASE	STATE
MM-9755-P	3	Lot 4	DMC	LEASE	STATE
MM-9755-P	3	S1/2 of the NW1/4	DMC	LEASE	STATE
MM-9755-P	3	N1/2 of the SW1/4	DMC	LEASE	STATE
MM-9755-P	3	SE1/4 of the SW1/4	DMC	LEASE	STATE
MM-9755-P	3	N1/2 of the SE1/4	DMC	LEASE	STATE
State leases with 50% interest (complementary to the St. Croix Lumber leases below)					
MM-10141-N	8	SE1/4 of the NE1/4	DMC	LEASE	PRIVATE
MM-10141-N	8	NE1/4 of the SE1/4	DMC	LEASE	PRIVATE
MM-10141-N	8	SE1/4 of the SE1/4	DMC	LEASE	PRIVATE
MM-10142-N	9	SW1/4 of the NW1/4	DMC	LEASE	PRIVATE
MM-10144-N	8	Lot 5	DMC	LEASE	PRIVATE
MM-10144-N	8	SW1/4 of the SE1/4	DMC	LEASE	LAKE COUNTY
RGGS Land & Minerals, Ltd., L.P. (January 1, 2006)					
Mineral Lease	33	NW1/4 of the NW1/4	DMC	20 YR. AGREEMENT	FEDERAL
Mineral Lease	33	SE1/4 of the SW1/4	DMC	20 YR. AGREEMENT	FEDERAL
Mineral Lease	33	NW1/4 of theSE1/4	DMC	20 YR. AGREEMENT	FEDERAL
Mineral Lease	33	SE1/4 of the SE1/4	DMC	20 YR. AGREEMENT	FEDERAL
Mineral Lease	33	Govt Lot 5	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	SW1/4 of the NE1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	SE1/4 of the NE1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	SW1/4 of theNW1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	SE1/4 of the NW1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	NE1/4 of the SW1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	SW1/4 of the SW1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	SE1/4 of the SW1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	NW1/4 of the SE1/4	DMC	20 YR. AGREEMENT	PRIVATE
Mineral Lease	35	SE1/4 of the SE1/4	DMC	20 YR. AGREEMENT	PRIVATE

St. Croix Lumber 50% interest Private Leases (complementary to 50% State leases above)

Lease #		Section	Holder	Form of Title	Surface Rights
Mineral Lease	8	SE1/4 of the NE1/4	DMC	LEASE	PRIVATE
Mineral Lease	8	NE1/4 of the SE1/4	DMC	LEASE	PRIVATE
Mineral Lease	8	SE1/4 of the SE1/4	DMC	LEASE	PRIVATE
Mineral Lease	9	SW1/4 of the NW1/4	DMC	LEASE	PRIVATE
Mineral Lease	8	Lot 5	DMC	LEASE	PRIVATE
Mineral Lease	8	SW1/4 of the SE1/4	DMC	LEASE	LAKE COUNTY

Maki and Associates Private Mineral Lease (complementary to Foster below)

Mineral Lease	8	NE1/4 of the NE1/4	DMC	LEASE	FEDERAL
Mineral Lease	9	NW1/4 of the NW1/4	DMC	LEASE	FEDERAL
Mineral Lease	4	SW1/4 of the SW1/4	DMC	LEASE	FEDERAL
Mineral Lease	5	SE1/4 of the SE1/4	DMC	LEASE	FEDERAL

Foster Private Mineral Lease (complementary to Maki above)

Mineral Lease	8	NE1/4 of the NE1/4	DMC	LEASE	FEDERAL
Mineral Lease	9	NW1/4 of the NW1/4	DMC	LEASE	FEDERAL
Mineral Lease	4	SW1/4 of the SW1/4	DMC	LEASE	FEDERAL
Mineral Lease	5	SE1/4 of the SE1/4	DMC	LEASE	FEDERAL

OTHER ACQUISITIONS

In the vicinity of the Nokomis Property, DMC has acquired additional mineral and surface rights in the form of leases, options and/or purchased lands (Figure 4-4).

In February 2008, DMC secured an option for surface rights on 1,845 acres (747 ha); this is known as the Dunka Property. This option provides DMC with a potential surface tailings impoundment area as well as a location for future plant facilities. In April 2008, DMC acquired an additional 29 State leases covering 8,842 acres (3578 ha) to the south of the Nokomis Deposit. This property is now referred to as the Land O' Dixie. Some of these mineral leases are for less than 100%.

In May 2008, DMC acquired an option to purchase 1,320 acres (534 ha) of surface rights in proximity to the Nokomis Deposit. This land package is referred to as the Northland Properties. In July 2008, DMC leased 2,614 acres (1058 ha) of private mineral rights on lands largely contiguous to the State of Minnesota leases secured in April 2008 (as documented in the previous paragraph). These private mineral lands have been combined with the state leases and are now included with the Land O' Dixie Property. In

March 2009 DMC leased an additional 816 acres (330 ha) of State lands which have also been incorporated into the Land O' Dixie Property.

DMC acquired additional lands from the State in March of 2009. These new leases make up four other projects referred to as Rook, Hoyt, Lands End, and Cascade. They total 5,915 acres (2394 ha). A small portion of the mineral leases are for less than 100% of the mineral rights.

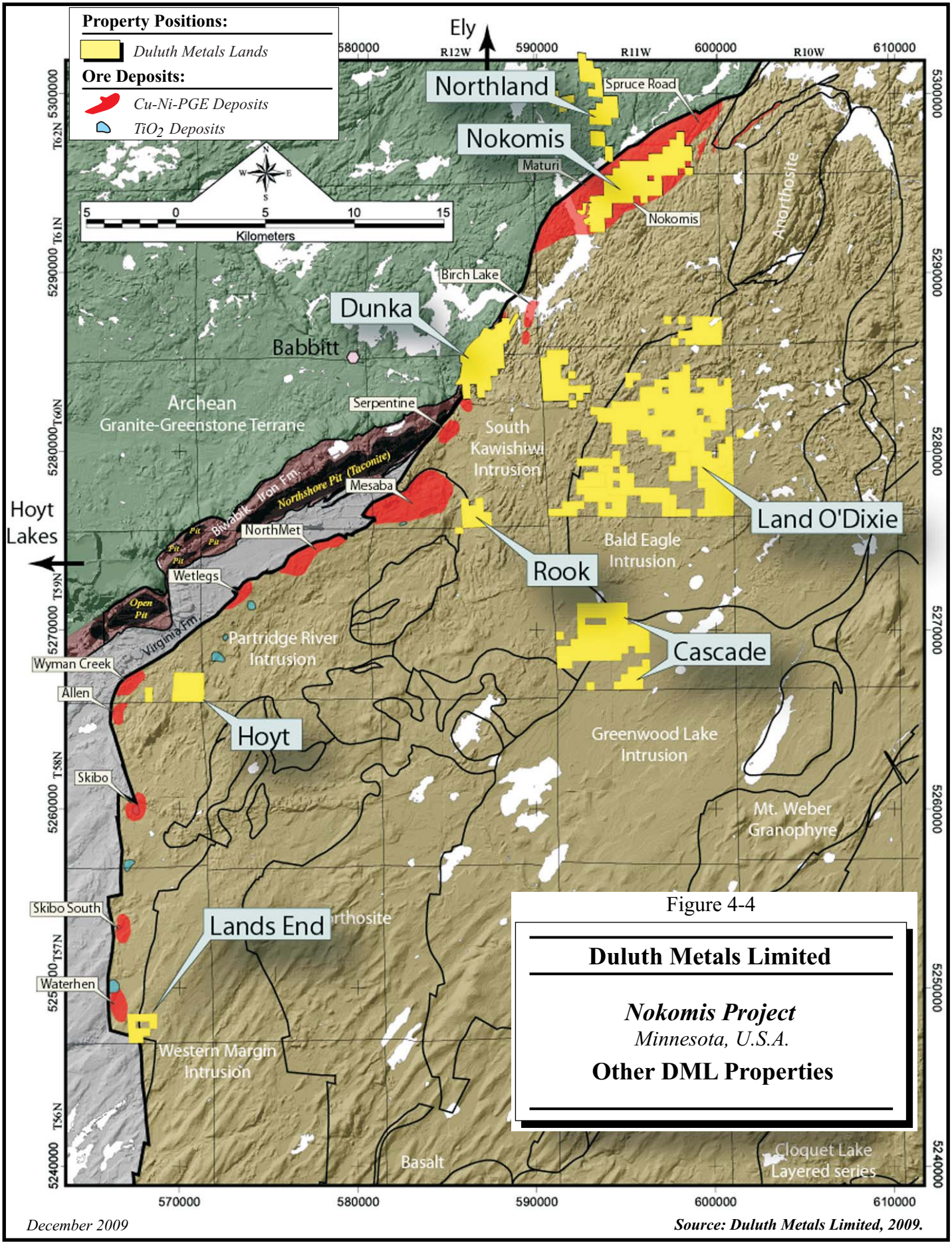


Figure 4-4

Duluth Metals Limited

Nokomis Project

Minnesota, U.S.A.

Other DML Properties

December 2009

Source: Duluth Metals Limited, 2009.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The reader is referred to Scott Wilson RPA's August 8, 2007 and January 8, 2008 reports on the Nokomis Property (formerly called the Maturi Extension Properties) for details. The reports are available on SEDAR.

6 HISTORY

Exploration for iron deposits in the vicinity of the Nokomis Property has been on-going since the late-1800s. Since the 1950s, exploration has focused on the copper and nickel deposits of the Duluth Complex and related footwall metasedimentary and granitic rocks. Drilling for copper and nickel has been carried out by many major mining companies including Inco, Duval, Kennecott, Newmont and US Steel. In 1985, the Minnesota Department of Natural Resources re-analyzed core from the early copper-nickel exploration drill holes and found significant PGEs. This has prompted the re-evaluation of a number of known deposits in the western portion of the Duluth Complex.

In 1999, Wallbridge Mining (the predecessor company to DML) explored two smaller areas known as the Maturi Property and the Spruce Road Property. These two properties are peripheral to the current Nokomis Property, and the Spruce Road Property is now held by Franconia Minerals Corporation (Franconia). WM began acquiring lands that now comprise the Nokomis Property in 1999 and 2000. In late 2005, WM spun-out its Minnesota properties into DML.

From March 14, 2006, to January 08, 2007, DML diamond drilled 10,384.5 m (34,070 ft.) in 11 holes (MEX 001 to 011 inclusive). In part, the program was based on recommendations from Cargill (2005a). Some of the planned holes had to be relocated due to access issues relating to the unseasonably warm winter of 2005/2006. Exploration on the property to mid-May 2006 was reported by Routledge (2006).

From January 2007 to January 2008, DML completed 81 drill holes for a total of 71,303 m (233,933 ft.). This campaign included four wedge cuts from hole MEX-0075M and one wedge cut from hole MEX-0081M (both metallurgical sampling holes).

From January 2008 to the end of April 2008, DML drilled 40 holes totalling 23,723 m (77,832 ft.), including 19 wedge holes for metallurgical samples. MEX-0108, drilled in April 2008, was the cut-off hole for the previous resource estimate (Routledge, 2008).

Note that the assay data for hole MEX-0106 was missing from the 2008 estimate but was added to the database for inclusion in the 2009 estimate.

From April 2008 to March 2009 an additional 91 holes were drilled, including 43 wedge cuts for metallurgical sampling. These holes, which total 48,014 m (157,527 ft.), have been used to update the geological wireframe and the Nokomis resource estimate of Routledge (2008). MEX-0109 is the first hole in this latest series.

For further details on the history, the reader is referred to Scott Wilson RPA's August 8, 2007, January 18, 2008 and January 8, 2009 reports on the Maturi Extension Properties. The reports are available on SEDAR.

7 GEOLOGICAL SETTING

The Nokomis Property contains rocks from the Precambrian Superior Province. Specifically, the deposit is located in the northern part of the Duluth Complex, a composite intrusion that occupies an area of approximately 6,500 km^2. This intrusion, which has a northeast-southwest orientation, extends for approximately 240 km from the Ontario border to the City of Duluth and attains a width of up to 50 km on surface.

The Duluth Complex consists of varieties of anorthositic, troctolitic, gabbroic, ferro-granodioritic, and granitic/granophyric rocks. Footwall contacts on the west and north sides of the Duluth Complex are sharp against metagreywackes and slates of the Middle Precambrian Virginia and Rove Formations, the Biwabik Iron Formation of the Mesabi Range, Neoarchean metasedimentary and metavolcanic rocks of the Vermilion greenstone belt, and granitoids of the Giants Range batholith. The contact and base of the complex dip shallowly to moderately southeast at -10˚ to -35˚.

The Nokomis Property is underlain by the South Kawishiwi Intrusion (SKI), one of the 12 intrusions making up the Duluth Complex. The Nokomis Deposit is hosted by ultramafic and mafic rocks, and varieties of troctolites and gabbros. It is located at the base of the SKI where it parallels the footwall contact with monzonites of the Giants Range batholith.

As currently modelled, the Nokomis Deposit consists of a generally tabular-shaped zone of disseminated copper-nickel-iron sulphide mineralization. Locally, the Nokomis mineralization straddles the SKI-Giants Range batholith contact and higher-grade copper values may be concentrated near the hangingwall and footwall parts of the main body. The Nokomis mineralization dips from -35° to -25° toward the southeast and extends to vertical depths of more than 1,300 m (4,265 ft.). The main mineralization has a strike length of approximately 5.5 km and is open at depth and along strike.

For further details on the geology of the Nokomis Deposit, the reader is referred to Scott Wilson RPA's August 8, 2007 and January 8, 2008 reports on the Maturi Extension Properties. The reports are available on SEDAR.

8 DEPOSIT TYPES

The reader is referred to Scott Wilson RPA's August 8, 2007 and January 8, 2008 reports on the Maturi Extension Properties for details. The reports are available on SEDAR.

9 MINERALIZATION

The reader is referred to Scott Wilson RPA's August 8, 2007 and January 8, 2008 reports on the Maturi Extension Properties for details. The reports are available on SEDAR.

In addition to the types of mineralization described in earlier Scott Wilson RPA reports, DML has identified granite-hosted copper-nickel and PGE mineralization within the 2.7 billion year old Giants Range batholith. The latter is a regionally extensive unit of granitoid rocks in the footwall of the Duluth Complex. This granite-hosted mineralization occurs beneath the interpreted SKI magma channel within the Nokomis deposit. Although it is superficially similar to the known hangingwall mineralization, it varies in character, mineralogy, and tenor at depth. Typically, granite-hosted mineralization is dominated by nickel/cobalt-rich pyrrhotite within irregular semi-massive sulphide veins at or below the troctolite contact. This mineralization changes with depth to disseminated chalcopyrite-bornite-millerite mineralization enriched in Cu and PGEs.

The mineralization is hosted within the contact thermal aureole to the Duluth Complex and is interpreted to be directly derived from the Duluth Complex. Footwall style mineralization is encountered in approximately one-quarter of the holes that have been drilled to date, with about eighty percent of these holes containing mineralization in the hangingwall which continues directly into the footwall with little or no breaks.

The sulphide mineral assemblage in the footwall is dominated by chalcopyrite and bornite. Pentlandite is the principal nickel-bearing mineral, although trace amounts of nickel also occur in pyrrhotite. Chalcopyrite, cubanite, talnakhite and bornite are the principal copper-bearing minerals. The footwall mineralization is known to extend locally at least 61 m (200 ft.) into the footwall and is an important exploration target.

10 EXPLORATION

Prior to 2006, the DML exploration programs on the Nokomis Property (known as the Maturi Extension Properties at that time) consisted of re-logging, quartering and re-assaying of drill core (or assaying grab samples of already quartered core) from six Duval drill holes. In addition, one Newmont hole (NM-03) drilled on an adjacent property was sampled. A 3D computer model of the geology of the properties was created (Peterson, 2001a) and the exploration potential was assessed on the basis of the new model (Cargill, 2005a). From 2006 to June 2007, DML diamond drilled 45 holes on the properties totalling 36,747.44 m (120,562.5 ft.). Downhole electromagnetic geophysical surveys were performed on several drill holes. Core composites were also submitted to SGS Lakefield Research in Lakefield, Ontario, Canada (SGS Lakefield), for flotation and hydrometallurgical recovery tests.

Drilling continued on the properties over the fall and winter of 2007-2008, with five rigs on site. This program consisted of in-fill drilling, using NQ and PQ size drill core, and step-out drilling using NQ drill core on the existing Nokomis Resources Block. In addition, NQ size exploration holes were drilled to help define new mineralization in the Eastern Exploration Area. During this campaign, DML drilled holes MEX-46 to MEX-108 totalling 83,886.46 m (275,218.05 ft.), including 21 wedge holes for 17,674.07 m (57,985.80 ft.) on the Nokomis Deposit. This brought the DML drilling to 108 holes totalling 120,633.9 m (395,780.51 ft.). After this drilling, a second metallurgical sample was submitted to SGS Lakefield for testing. The sample was approximately 1,100 kg and consisted of NQ core rejects from 12 of these drill holes within the various geographic, mineralogic and grade spectra of the Nokomis Deposit. Testing is currently underway on this sample; no results are available at this time (December 2009).

From April 2008 to March 2009 an additional 90 holes were drilled, including 41 wedge cuts for metallurgical sampling. These holes, which total 74,240.37 m (243,570.77 ft.), have been used to update the geological wireframe and the Nokomis resource estimate of Routledge (2008). MEX-0109 is the first hole in this latest series.

Note that the number of metres/feet described above includes the parent hole portion of wedge holes (that is, from the surface collar). The actual cored metres/feet of the wedged holes begins at the kick-off point in the parent hole which is less than the number quoted here.

In the field, the casings for these drill holes have not been removed which will allow for later down-hole geophysical surveying. Each hole has been capped with a painted casing extension. None of the holes has been prepared for permanent abandonment (as per Minnesota State law). The authors observed a number of these casings during the various site visits.

11 DRILLING

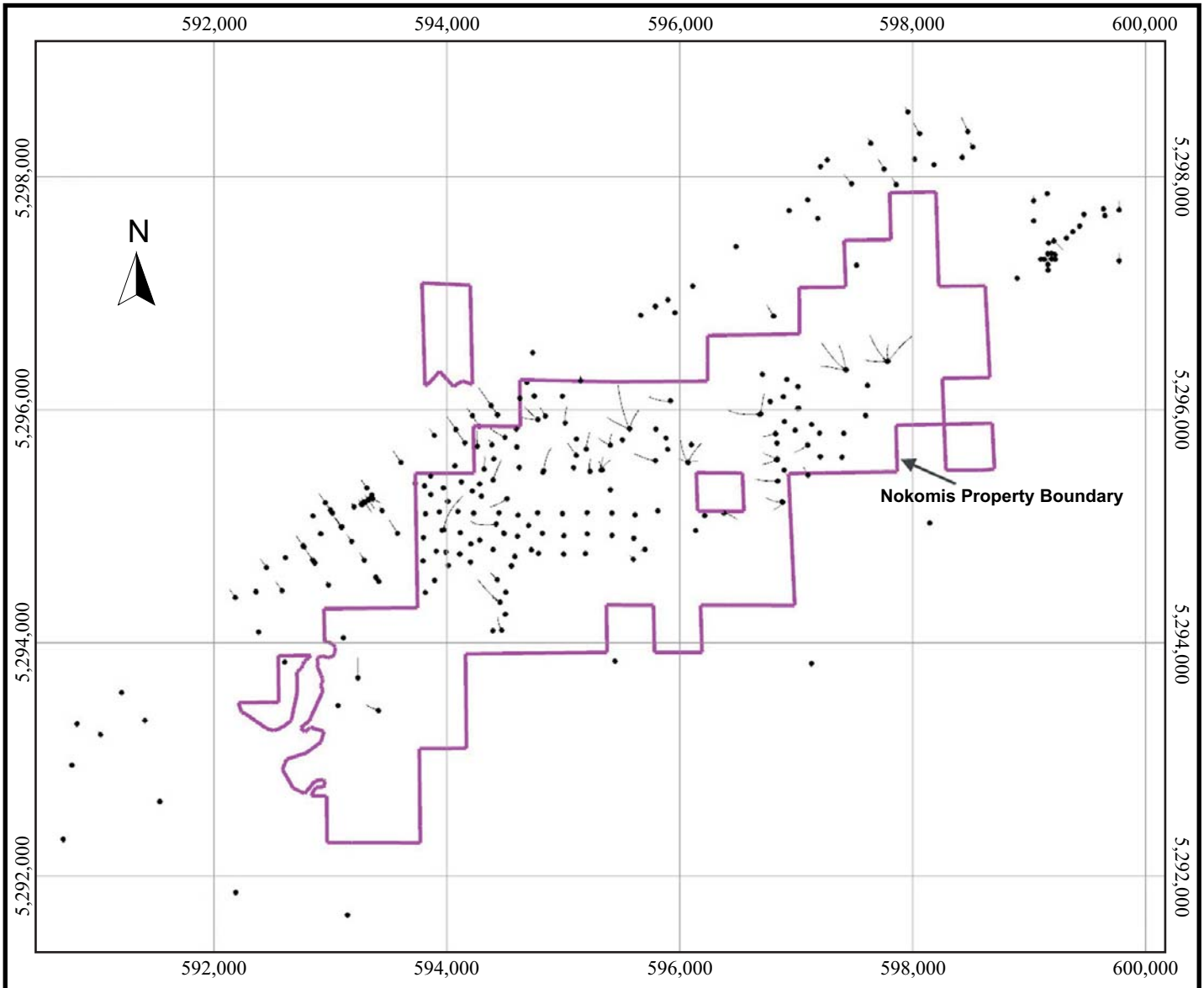
DML DRILLING AND DRILL HOLE DATABASE

The 2006 to 2008 DML drilling campaigns have been documented in Routledge (2008). The reader is referred to this report (filed on SEDAR) for further information.

The current resource estimate uses 360 drill holes including 66 related wedge cuts (63 by DML and 3 by other companies). The total meters drilled is 247,337 (811,474 ft.) of which 50,331 m (165,128 ft.) was drilled as wedge cuts. The database includes 141 holes drilled by companies other than DML (which amounts to 52,463 m; 172,123 ft.). These holes were included to assist with the wireframe modelling of the Nokomis Deposit on its up–dip side (where it joins the Maturi Deposit) and to aid in the interpolation of grades near the margins of the property.

Note that the number of metres/feet described above includes the parent hole portion of wedge holes (that is, from the surface collar). The actual cored metres/feet of the wedged holes begins at the kick-off point in the parent hole which is less than the number quoted here.

Figure 11-1 shows the location of the drill holes used in the current resource estimate.



0 0.25 0.5 0.75 1.0
Miles
0 500 1000 1500 2000
Metres

Figure 11-1

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Drill Hole Location Plan

Legend:
- *Property Boundary*
- *Drill Hole Collar Location*

December 2009

DRILL HOLE SURVEYS

HISTORIC

Inco holes were surveyed at the collar with only acid dip tests taken down hole. As a result, the position of the toe and mineralized intervals is somewhat uncertain because of the lack of azimuth deviation data. Dip tests were taken at intervals ranging from 15 m (50 ft.) to 61 m (200 ft.). Inco collar surveys were originally in Inco's New Minnesota grid system and were converted by WM to UTM NAD27 coordinates which required a 20.42 m (67 ft.) shift west and 42.0 m (138 ft.) south and a grid origin correction to 539,980.4E, 5,199,956.8N. Scott Wilson RPA converted the coordinates to NAD 83 for use in the Nokomis resource estimation database.

The Duval, Newmont, Kennecott and US Steel drill holes were all vertical with no down-hole azimuth deviation recorded. The US Steel holes have dip tests and, of the others, only DU-03 and NM-03 have acid dip tests. The other historic holes have no down-hole surveys.

Collars of most historic drill holes were relocated in the field, using GPS, by the Natural Resources Research Institute (NRRI), University of Minnesota at Duluth. Additional historic drill holes have been relocated in the field, using GPS and metal detectors, by DMC.

DMC

DMC hole collars are field-spotted using a hand-held GPS unit and recorded in local UTM coordinates. In 2007, all of the historic drill collars (up to and including MEX-104) were surveyed by NL Surveying using a differential GPS. This practice was continued for the later series of holes (MEX-105 to MEX-155) using a Trimble GPS system. The precision for the collar locations is within a few centimetres.

Down-hole deviation surveys were documented by two different tools produced by FLEXIT AB, based in Sweden. Holes MEX-11, 12, 13, 16, 18, 20, 21, 24 and 26 used a FLEXIT MultiSmart tool while the remaining holes were surveyed using a FLEXIT Gyro tool. Readings were generally taken at ±6.1 m (20 ft.) intervals and coincided with

running the survey as the rods were pulled in 20 ft. lengths at the end of drilling the hole. The FLEXIT MultiSmart tool is a magnetic field-based instrument that measures azimuth and dip of the hole. The tool also records errors based on the fluctuation in magnetic field strength which allows for a degree of internal correction by the tool itself. It also allows the technician/geologist to review and perform manual adjustments or review spurious readings as appropriate. Spurious readings in the Duluth Complex rocks may be caused by variable magnetite contents.

Previous reviews of the down-hole survey data by Scott Wilson RPA (for holes up to MEX-108) showed that the FLEXIT MultiSmart dip readings were generally acceptable but the azimuth readings were noisy. Adjustments were made by DMC to the azimuth portion of the affected holes (9 holes). The use of the FLEXIT Gyro tool for the majority of the MEX-series holes eliminated the need for corrections due to magnetic field noise. For the last series of holes (MEX-109 to MEX-155) only minor corrections were made to the down hole survey dataset. Scott Wilson RPA notes that some holes (e.g. MEX-0139) have no survey information because the rods were stuck in the hole and could not be surveyed. These holes plot as vertical traces in Gemcom.

ASSAY DATABASE

The assay database contains 360 drill holes with 21,716 intervals. Of these, 21,007 are assayed intervals (Cu and/or Ni) totalling 38,385.40 m (125,936 ft.). Co was not assayed in 6,039 of the entries. Similarly, 6,003 samples have no Au values in the database while 6,077 samples have no Pt values and 5,969 samples have no Pd values.

The MEX series of holes drilled by DML have 15,503 assays over an aggregate interval of 25,423.53 m (83,411 ft.). Table 11-1 summarises the zero values within the MEX portion of the database. None of the zero values are from samples used to update the last resource estimate (that is, they are complete for Cu, Ni, Au, Pt, Pd and Ag).

TABLE 11-1 MEX SERIES HOLES WITH ZERO VALUES
Duluth Metals Limited – Nokomis Deposit, Minnesota

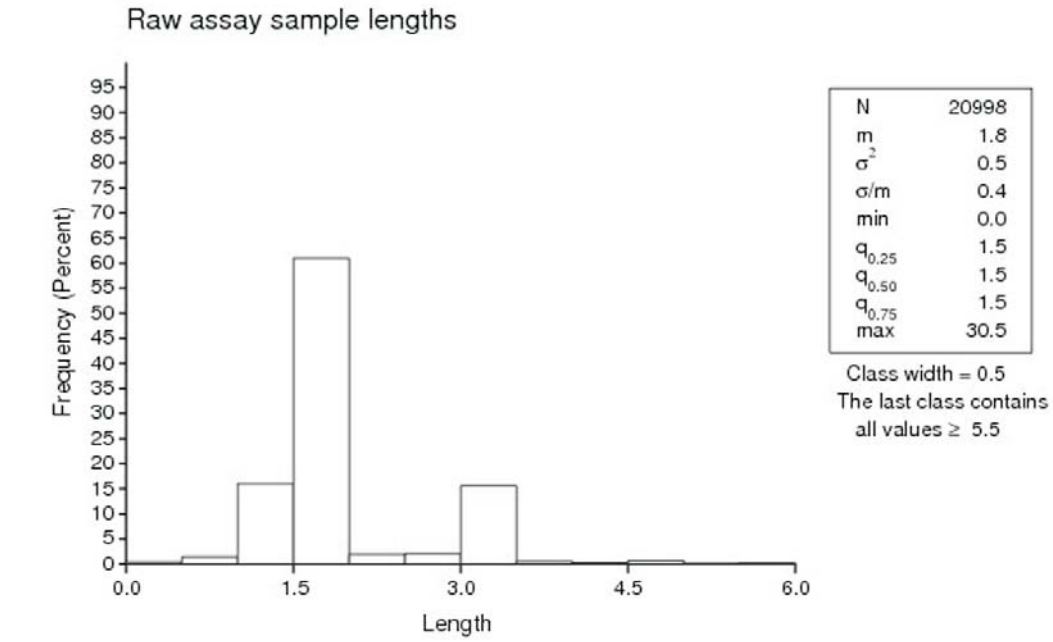
MEX holes only	Cu	Ni	Co	Au	Pt	Pd	Ag
Number of zero values	48	79	48	148	222	114	516

Within the Nokomis Deposit mineralized envelope, as described in Item 17, the drill holes contain 8,748 assays from 14,536 m (47,690 ft.) of core. For Cu, 28 of these samples have no values while Ni has 29 entries with no values. In both cases, the zero values are from either historic holes (not DMC) or from metallurgical hole MEX-091M-W3. For Co, there are 1523 samples with zero values while Au has 1524 samples with zero values. In both cases, the values used for the interpolation were estimated from a regression analysis (documented in Routledge, 2008) so that the database was complete. For Pt, there are 1524 zero values while Pd has 1522 zero values. As with Co and Au, the missing Pt and Pd values were estimated from a regression analysis.

12 SAMPLING METHOD AND APPROACH

The sampling method and approach for drill holes pre-dating MEX-109 are described in Routledge (2008). For the recent drill holes (MEX-109 to MEX-155) DML followed the same methods and procedures used for the initial 108 MEX holes. Inspections of the logging facility and core storage areas were made during the recent site visit to Ely (Figure 12-1). No issues were found for the core logging and storage areas.

Sample lengths for holes within the resource model range from 0.12 m (0.4 ft.) up to 13.9 m (45.6 ft) although there is one anomalous sample length of 30.48 m (100 ft.) for hole 34883 (pre-DML hole). Figure 12-1 shows the sample lengths distribution.



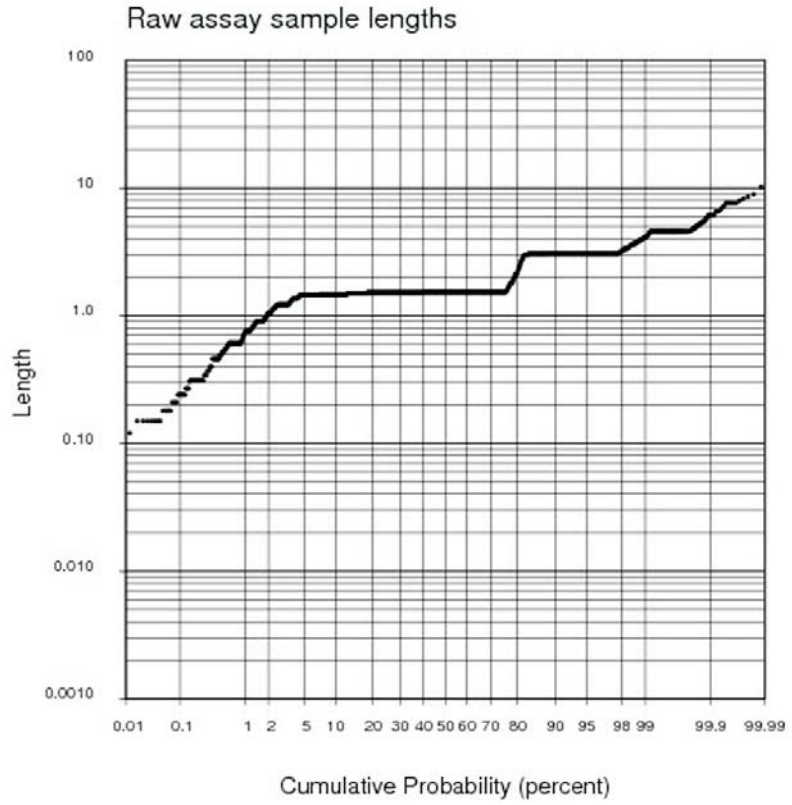


Figure 12-1

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Assay Sample Length Distribution

December 2009

13 SAMPLE PREPARATION, ANALYSES AND SECURITY

For sample preparation and analysis pre-dating hole MEX-109 the reader is referred to Routledge (2008). Note that DML continued with the same laboratory for analysis of samples from the 2008-2009 drilling program.

Core samples were crushed, mass reduced and milled to pulps at ALS Chemex's preparation facility in Thunder Bay, Ontario, Canada. The pulps were then shipped to the ALS Chemex laboratory in Vancouver, Canada for analysis. ALS Chemex is an independent, commercial mineral laboratory that is ISO 9002 certified and is accredited under ISO/IEC 25 guidelines.

The sample preparation and analytical procedures used are as follows:

- Core samples numbers are entered into the Laboratory Information Management System (LIMS). This system employs bar coding and scanning technology for chain of custody reporting as samples are tracked from sample preparation through analysis and computer-generated certificate reporting.
- If necessary, samples are oven-dried. Each sample is then jaw crushed to a point where more than 75% of the material is less than 2 mm (equivalent to 10 mesh).
- A 250 g cut is taken by riffle splitting with the balance stored as coarse rejects.
- The 250g cut is pulverized in a ring and puck grinding mill to a point where more than 85% of the samples is smaller than 75 µm (equivalent to 200 mesh). This sub-sample is then carefully homogenized.
- Barren material is used to clean the mill between sample batches to minimize contamination.
- For precious metal analysis, a one assay ton (±30 g) aliquot of the pulp is fire assay fused (FA) for one hour at 1,050ºC and then subjected to a four-acid digestion using a $HF\text{-}HNO_3\text{-}HClO_4\text{-}HCl$ leach. This solution is analyzed for Pt, Pd and Au using inductively coupled plasma - atomic emission spectrometry (FA-ICP-AES: ALS Chemex, method PGM-ICP23).

Detection limits for method PGM-ICP23 are:

Metal	Method	Detection limit
Pd	FA-ICP-AES	0.001 ppm
Pt	FA-ICP-AES	0.005 ppm
Au	FA-ICP-AES	0.001 ppm

- Copper, nickel, cobalt, silver and 29 other elements are analysed using method ME-ICP61. For this analysis, a 0.5 g portion of the pulp is digested using a HF-HNO_3-$HClO_4$-HCl leach with subsequent analysis by ICP-AES.

Detection limits for method ME-ICP61 are:

Metal	Method	Detection limit
Ag	FA-ICP-AES	0.5 ppm
Cu	FA-ICP-AES	1.0 ppm
Ni	FA-ICP-AES	1.0 ppm
Co	FA-ICP-AES	1.0 ppm

If copper and nickel exceeded 10,000 ppm (1%) using method ME-ICP61, a pulp-split was re-assayed by atomic absorption spectrometry (AAS) using methods Cu-OG62 and Ni-OG62.

Detection limits for method OG62 are:

Metal	Method	Detection limit
Cu	OG62	0.01%
Ni	OG62	0.01%

Scott Wilson RPA again notes that these analytical methods entail total digestion of the samples. Consequently, the reported Ni values represent a combination of Ni from silicates and Ni from sulphides. The Ni in silicate minerals is generally not recoverable by conventional processing. Scott Wilson RPA recommends selective digestions of some of these samples to assess the Ni contribution from these two sources.

DML used a formal Quality Assurance/Quality Control (QA/QC) and security program for their 2008-2009 drilling campaigns. Company blanks and reference standards were included in the sample stream for each drill hole. In addition, core for two sample intervals in each hole were quartered as duplicates and both sets of quartered core were submitted for analysis. The average of the duplicates is entered in the resource estimation drill hole database. The earliest blank samples were prepared from crushed

cinder block but this was replaced by Dresser Trap rock (a volcanic rock) for the majority of the analytical program. Reference standards WMG-1 or WPR-1 were obtained from CANMET. ALS Chemex carries out its own internal QA/QC for analyses. As a security measure, and to assure the nature of control samples was "blind" to the laboratory, all QA/QC samples were labelled with numbers independent of hole information and sample type and were in sequence with core samples.

All core was directly retrieved from the drill by DML staff on a daily to twice daily basis and logged at a secure company facility in Ely, Minnesota. Samples in plastic bags, and accumulated in rice bags, were transported by truck by a chartered and bonded independent carrier to the ALS Chemex laboratory in Thunder Bay, Ontario. Samples were recorded, prepared (as described above) and shipped to the ALS Chemex laboratory in Vancouver, British Columbia, for assaying and analysis.

14 DATA VERIFICATION

The Nokomis Deposit is not exposed at surface within the DML property. Consequently, check-sampling of the mineralization can only be performed using diamond drill core stored at either the company site in Ely, MN or at the Minnesota State Core library in Hibbing, MN.

The historic drill core from previous explorers on the property is held at the Minnesota State Core library in Hibbing, MN. This same facility houses some core from the early DML holes although the majority of the MEX series of holes are located at DML's facility at Ely, MN. The Minnesota DNR, Minnesota Geological Survey (MGS), University of Minnesota (UMN), and the Natural Resource Research Institute (NRRI), have all analyzed drill core samples from the Nokomis Property to positively verify the types and amounts of mineralization present within the deposit. The extensive re-assaying of the core has meant that only a limited amount of sample material is available for check-assaying (Routledge, 2008). Consequently, Scott Wilson RPA did not conduct independent sampling of the recent Nokomis Deposit drill core. Instead, Scott Wilson RPA has visually estimated the copper grades of the core and the predicted values agree well with the actual assays.

When re-sampling the old core, WM relied on the blanks, duplicates, and standards inserted into the sample stream by Swastika Laboratories for its data verification (Cargill, 2005a). For DML's 2006-2007 drilling, DML personnel routinely compared visual estimates from core logging, and digital photos when necessary, with analytical results from ALS Chemex to ensure that results were as expected. QA/QC samples, including quarter-core duplicates, blanks, and reference standards, were also inserted into the sample stream with each batch of samples. Results were reviewed to assure that there has been no contamination and that analytical accuracy was maintained. If a problem was identified, the assays for the hole were re-done. The approach used by DML for their 2006-2007 samples was also used for the recent drill holes (MEX-109 and higher).

Scott Wilson RPA spot-checked a number of ALS Chemex certificates against database records and found no entry errors (a couple of minor errors were detected for SG values in the database and these were removed). In addition, any negative values for the metals in the database were re-set to half the appropriate detection limit.

While on site, Scott Wilson RPA confirmed the location of the casings of a selection of drill holes using a hand held global positioning system instrument (Garmin Etrex), accurate to ±6 m (±20 ft.). Core logging and sampling records were also examined for several drill holes and the checks confirmed that the DML work conforms to industry standard practices.

QA/QC

Scott Wilson RPA reviewed the complete QA/QC dataset for the MEX series holes (which also includes the QA/QC data already reviewed by Routledge, 2008). The QA/QC data comes from the blanks, quarter-core duplicates and reference standards inserted into the sample stream.

In general, the field blank samples returned low values for the six elements of interest (Cu, Ni, Co, Au, Pt, Pd) which suggests that the preparation stage was contamination-free. Only one Trap rock blank out of 345 samples (number 153336) returned anomalous values for all 6 elements (Figure 14-1). Although the affected batch was re-run the contamination still persisted suggesting that the blank sample is not completely free of base and precious metals. Scott Wilson RPA recommends that DML investigate the use of some other material for use as a blank.

Scott Wilson RPA reviewed the laboratory values returned for the Canmet WMG-1 reference standard within each sample batch for the MEX holes. The values for Cu, Ni, Co, Au, Pt and Pd were compared with the certified or provisional mean and standard deviations of this reference standard. This assessment is designed to test for bias (Figure 14-1). Overall, the majority of the values for each element fall within +/- 3 standard deviations of the certified mean. However, some of the values returned for Cu, Au, Pt and

Pd clearly lie outside the specification limits. In most instances, these biased values have no clear pattern although the final batches (around fifty) consistently display erratic values. To rectify the issue, DML replaced standard WMG-1 with standard WPR-1 and the affected batches were re-run with cross-checks at different laboratories. The updated values were entered into the database for use in the current resource estimate.

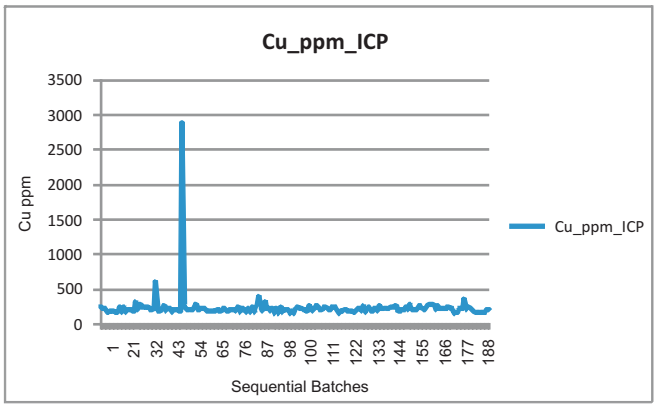
TABLE 14-1 COMPARISON OF STANDARD AND SAMPLE MEANS
Duluth Metals Company – Nokomis Deposit

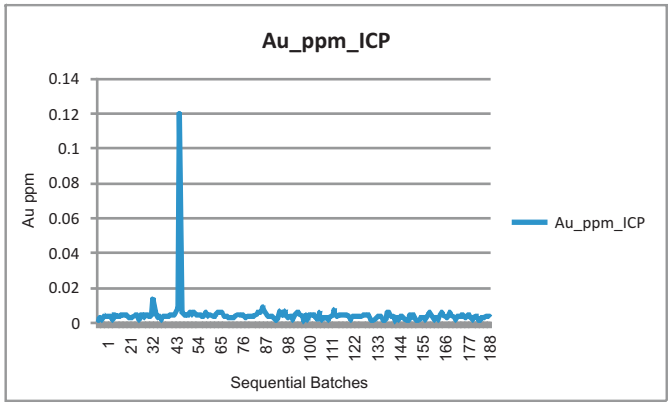
Metal	Comment	Mean value for WMG-1	Mean of ALS Chemex Analyses	Difference
Cu (ppm)	Slightly high	5,900	6,300	7%
Ni (ppm)	Slightly low	2,700	2,571	-5%
Co (ppm)	Low	200	180	-10%
Au (g/t)	Slightly high	0.11	0.12	8%
Pt (g/t)	Close	0.73	0.75	2%
Pd (g/t)	Close	0.38	0.38	-1%

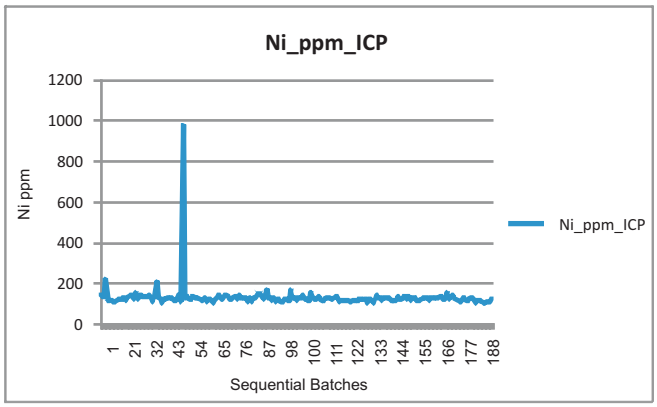
Table 14-1 compares the averages for the dataset with the averages for the standard on a metal by metal basis. Overall, there are no significant issues when comparing the averages.

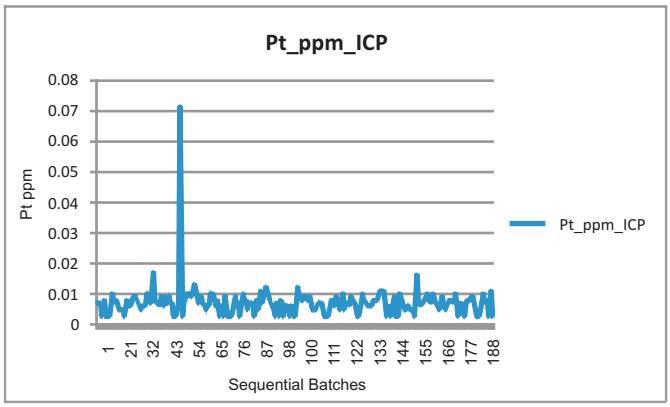
DML has not submitted any samples to an alternative accredited laboratory for check assaying and further confirmation of the accuracy of the assays. Scott Wilson RPA recommends that selected ALS Chemex pulp splits, for various grades from low to high, be submitted to an outside laboratory for check analysis. This is standard industry practice.

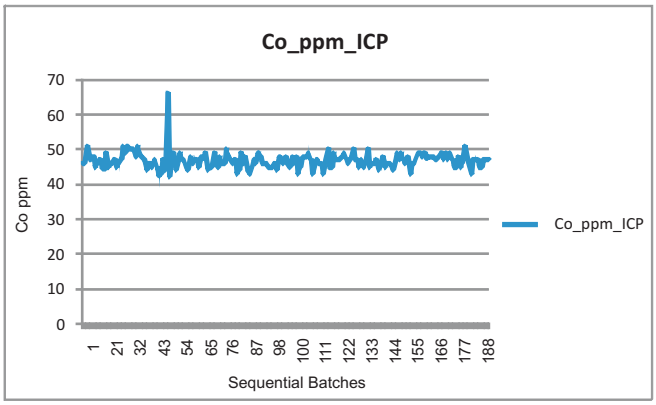
In Scott Wilson RPA's opinion, the drill hole and assay database is adequate for resource and reserve estimation.











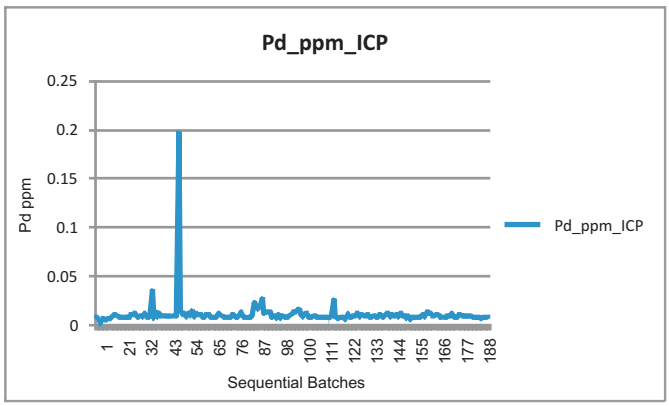


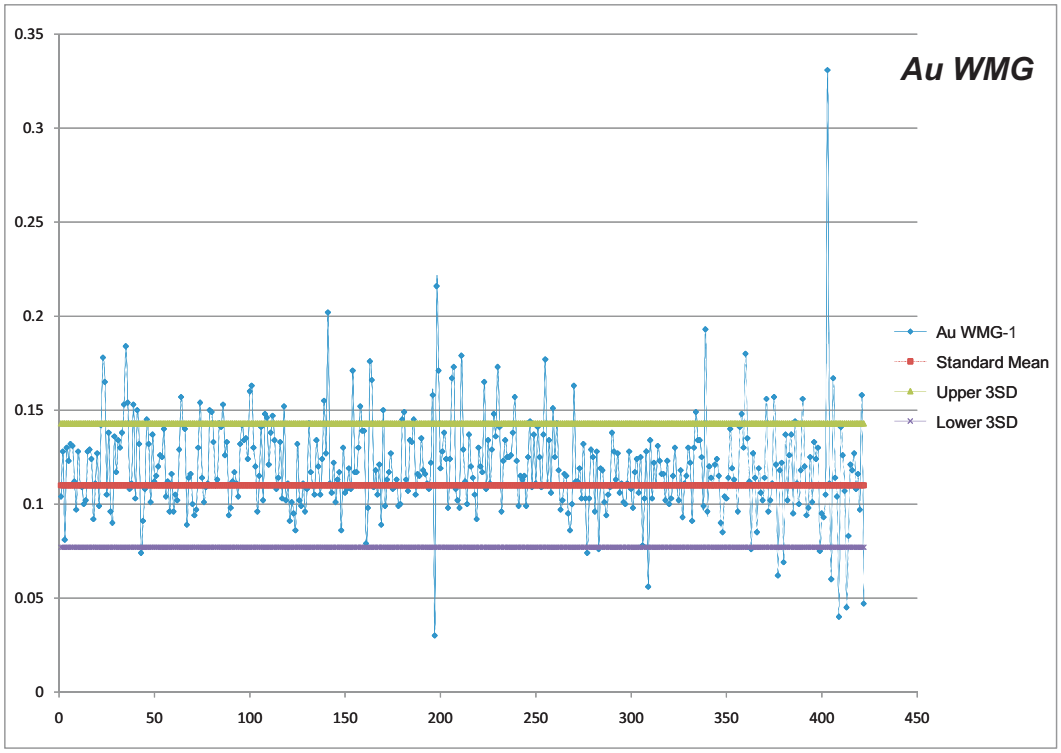
Figure 14-1

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Field Blanks for MEX-series Holes

December 2009



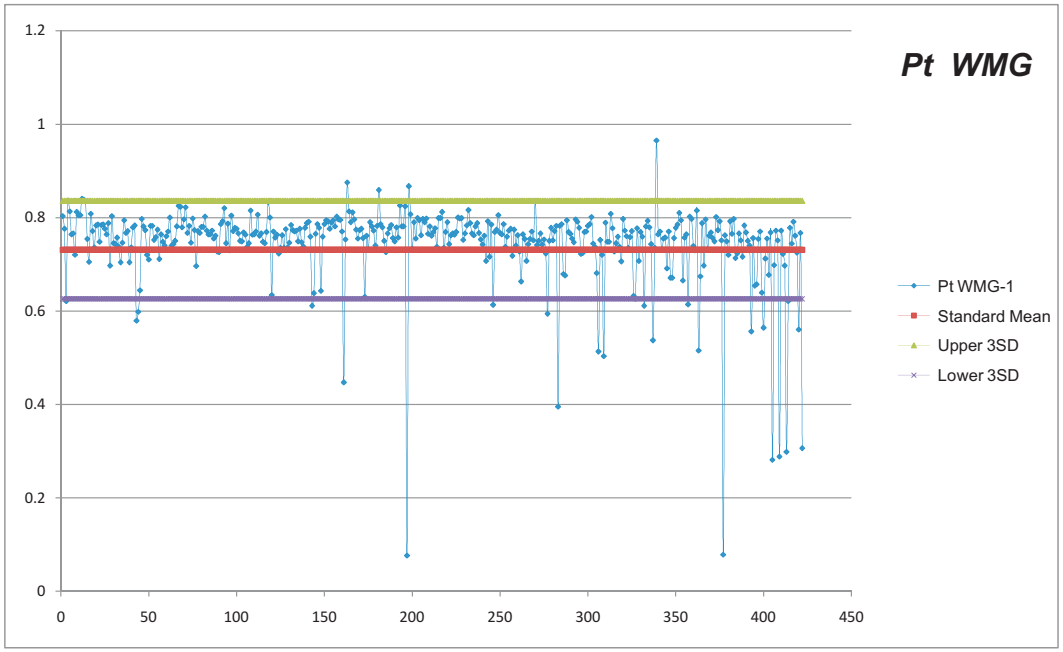


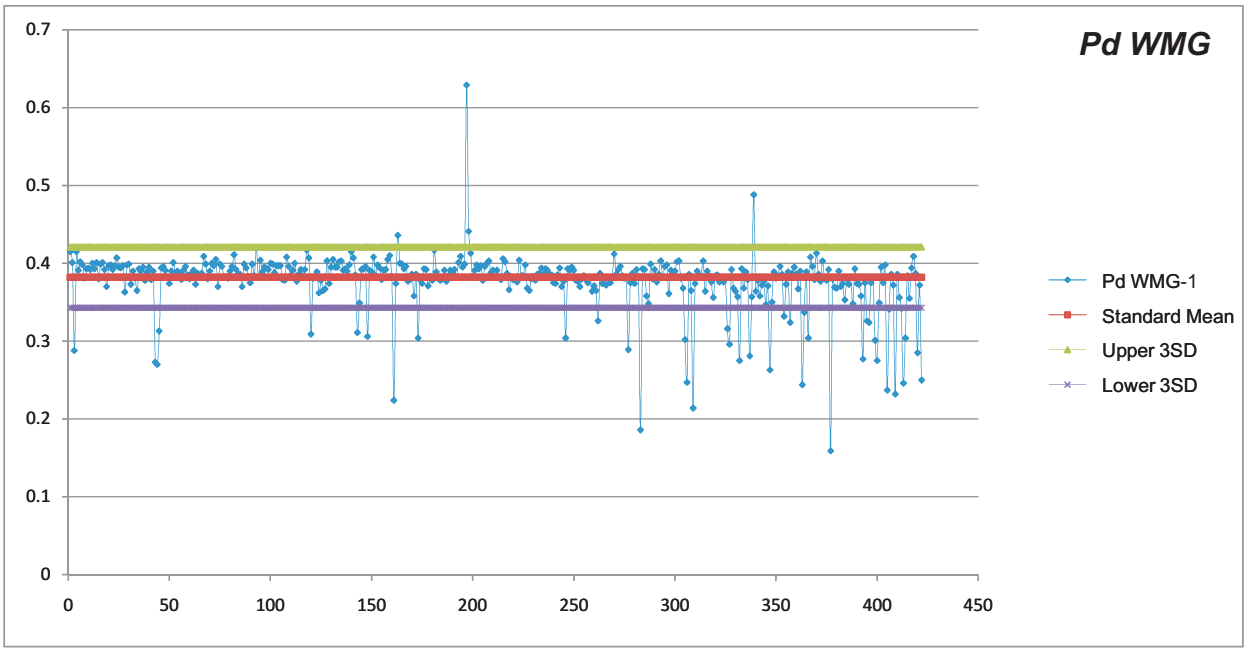
Figure 14-2A

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Reference Standards for MEX-series Holes

December 2009



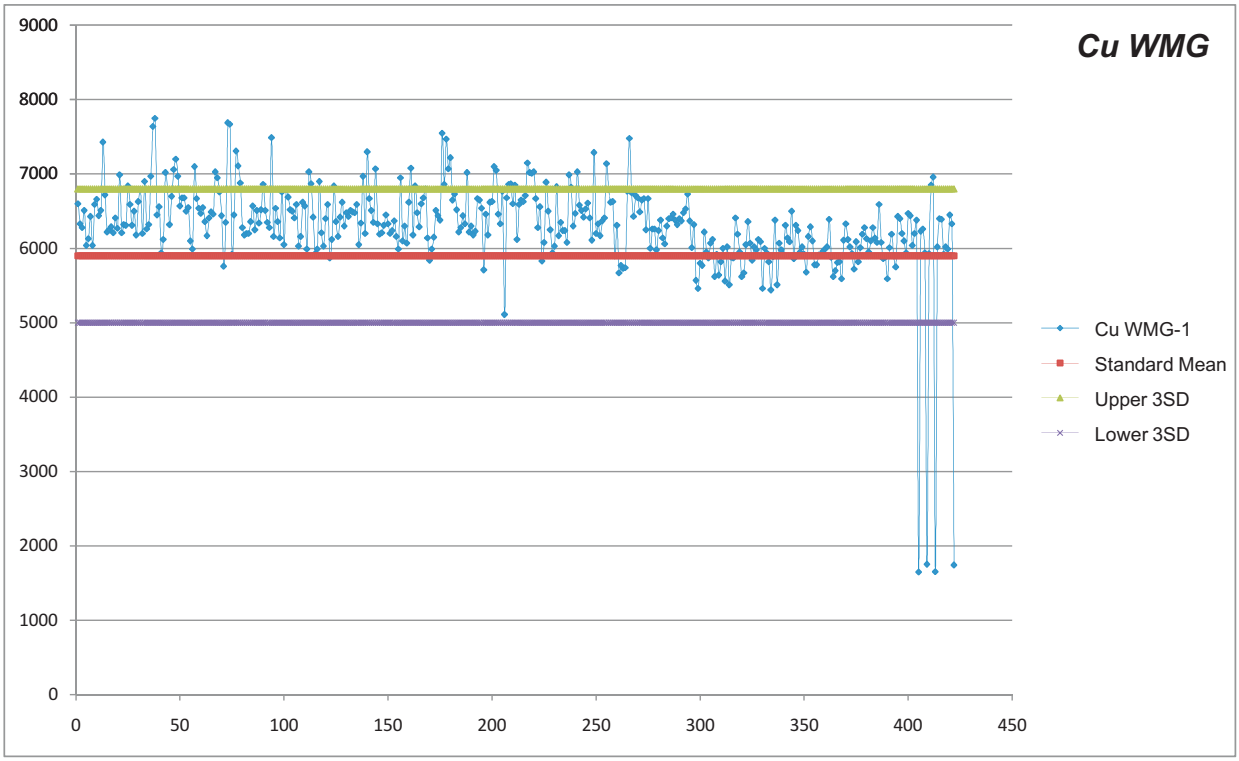


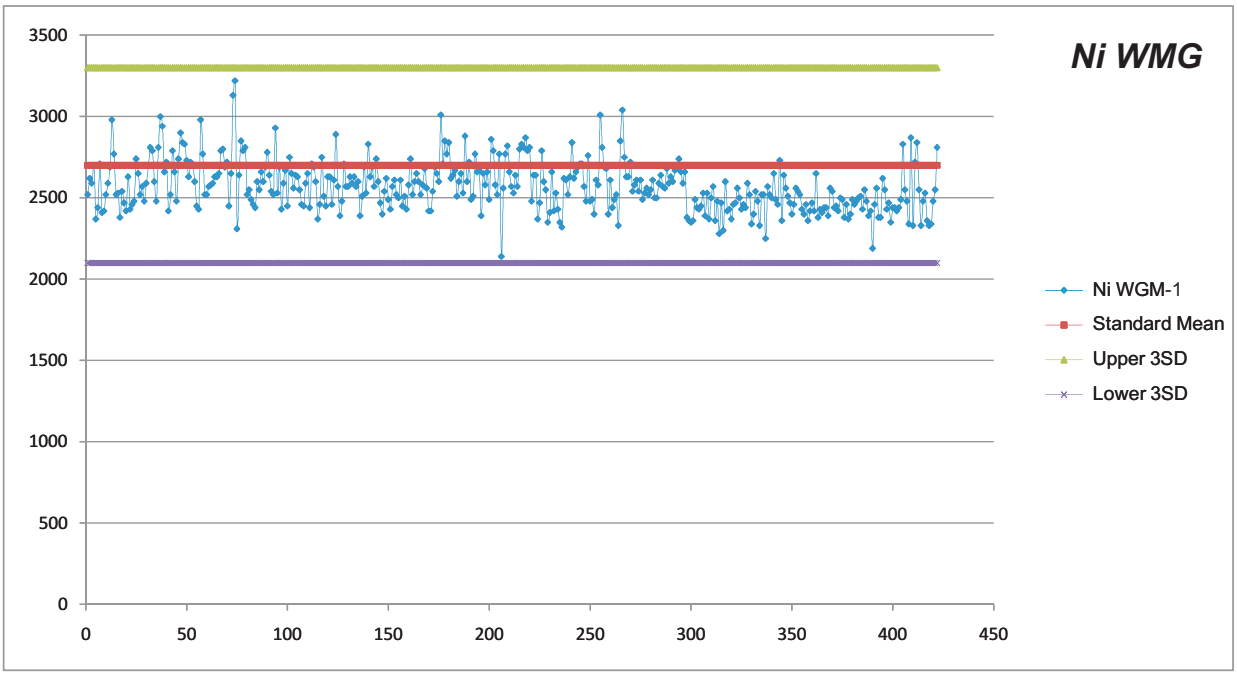
Figure 14-2B

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Reference Standards for MEX-series Holes

December 2009



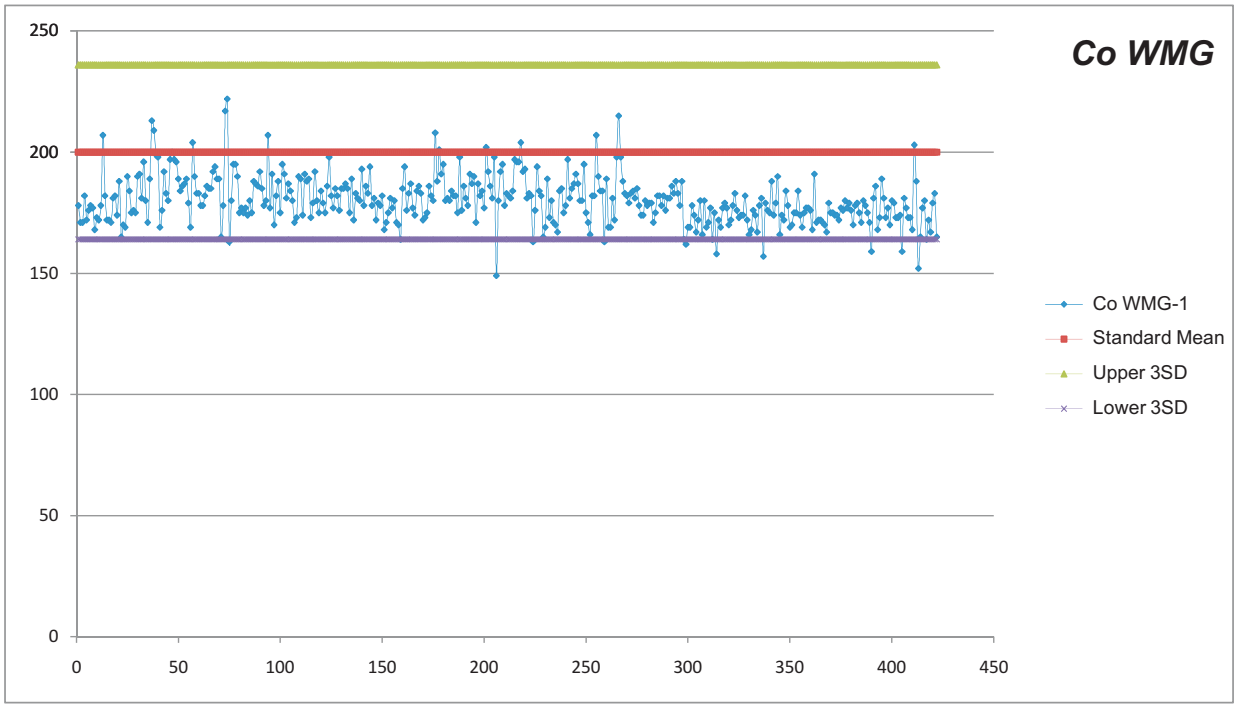


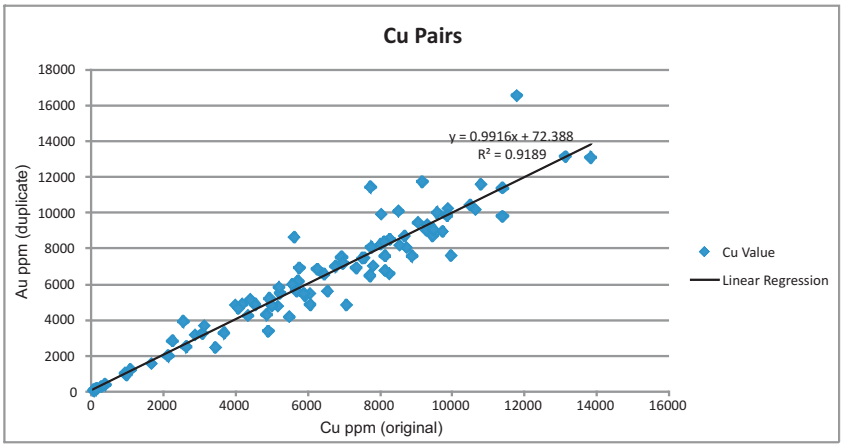
Figure 14-2C

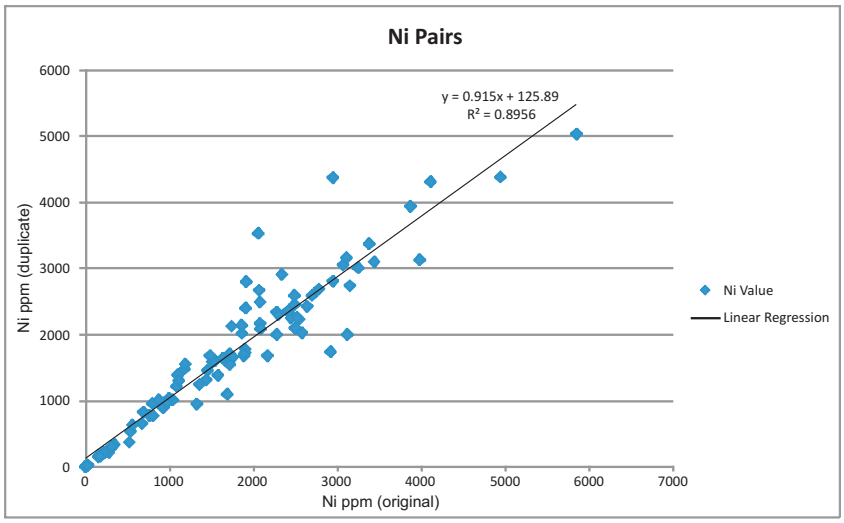
Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Reference Standards for MEX-series Holes

December 2009





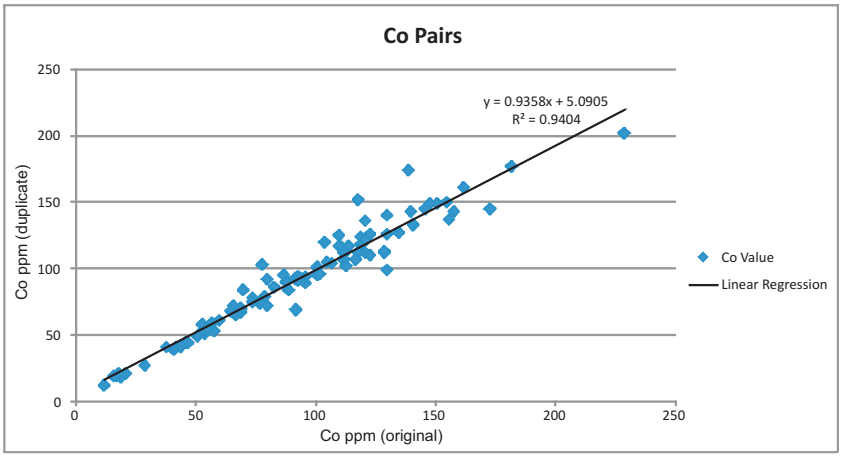


Figure 14-3A

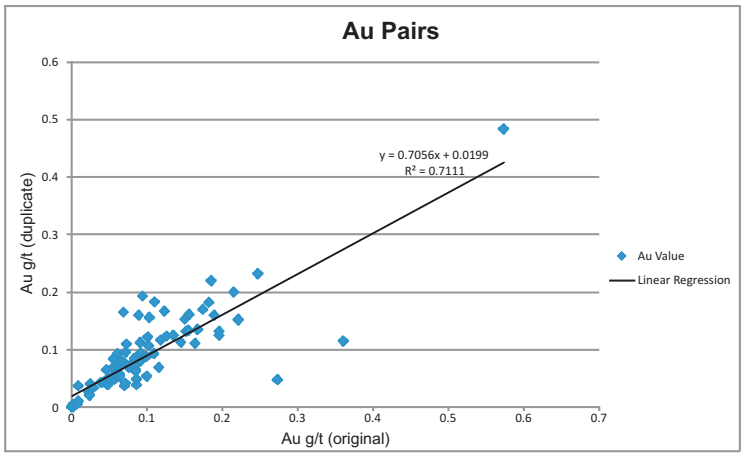
Duluth Metals Limited

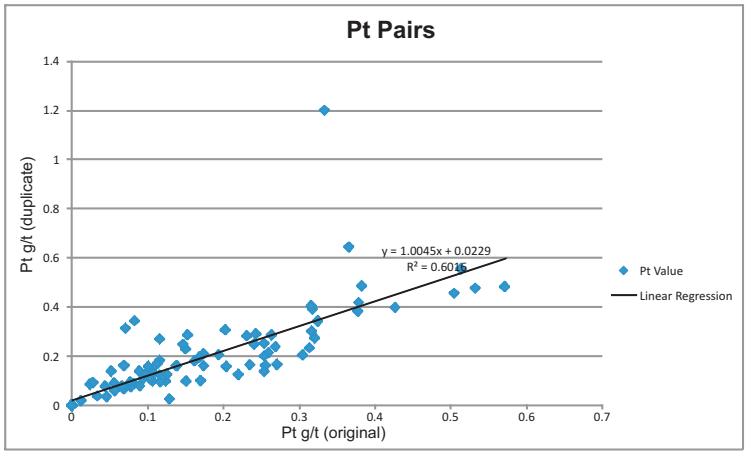
Nokomis Project

Minnesota, U.S.A.

Duplicates Comparison for MEX-series Holes

December 2009





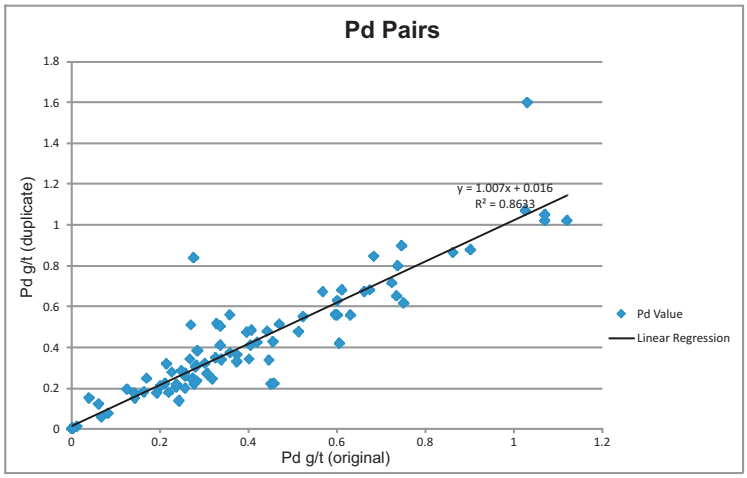


Figure 14-3B

Duluth Metals Limited

Nokomis Project

Minnesota, U.S.A.

Duplicates Comparison for MEX-series Holes

December 2009

15 ADJACENT PROPERTIES

Properties of interest in the vicinity of the Nokomis Property with historic or NI 43-101 compliant resources in the public domain include: Birch Lake, Maturi and Spruce Road held by Franconia; Mesaba (formerly the Babbitt Deposit) held by Teck Cominco American Inc.; and NorthMet (formerly the Dunka Road Deposit) held by PolyMet Mining Corporation (PolyMet). Franconia drilled multiple holes on the Birch Lake Deposit in 2005 and completed a Preliminary Assessment in January 2006. Franconia completed a NI 43-101 Preliminary Assessment Technical Report on the Maturi and Birch Lake Properties in October 2006. Franconia also carried out a drilling program at Birch Lake in 2007-2008 and recently updated its resource estimate for the Birch Lake deposit.

PolyMet purchased the Cliffs Erie, LLC (Cliffs Natural Resources) taconite plant and tailings basin near Hoyt Lakes, Minnesota, in 2005 and completed its definitive feasibility study on the NorthMet Deposit in 2006. The State of Minnesota has released the draft Environmental Impact Statement (EIS) for PolyMet's NorthMet project. The release of this draft EIS is part of the pre-permitting and pre-development activities for the NorthMet project. After public comments and review, the State will issue the final EIS and a Record of Decision on the project which will be followed by the issuance of permits. With the issuance of permits PolyMet will initiate construction, currently forecast for late 2010.

Teck Cominco is currently working on its Mesaba Deposit and has undertaken advanced processing tests of Mesaba mineralization using its proprietary CESL process.

Encampment, a private company, has conducted geophysical surveys and has initiated drilling near its Filson Creek property.

16 MINERAL PROCESSING AND METALLURGICAL TESTING

The following is taken from the 2008 report of Routledge. No additional metallurgical work has been reported by DML.

NOKOMIS METALLURGICAL TEST WORK

Bench-scale flotation test work on a composite sample of drill core from the Nokomis Deposit was undertaken in 2007 at SGS Lakefield for DML. The composite graded 0.75% Cu, 0.24% Ni, 0.19 g/t Pt, 0.43 g/t Pd and 0.12 g/t Au. The primary objective was to establish the general amenability to flotation recovery of base and precious metals and to produce a bulk concentrate for testing by hydrometallurgical (pressure leaching) means.

Pressure leaching test work was limited to a preliminary evaluation of the proprietary PLATSOL™ process, developed at SGS Lakefield by International PGM Technologies Ltd. It is considered the preferred option for treatment of Nokomis material. The PLATSOL™ process is based on a conventional high pressure, high temperature acid leach, but incorporates the use of chloride to solubilise gold and PGMs.

Additional testing is now underway at SGS Lakefield and Coleraine Minerals Research Laboratory.

SUMMARY RESULTS

Scott Wilson RPA has reviewed the SGS Lakefield test work. The key points are summarized below:

- Ni recovery to concentrate is limited by the amount of silicate Ni, which appears to be about 25% in the sample but has been reported to be 0.1% Ni to 0.3% Ni in the heads. Consequently, overall Ni recovery of 71.8% was projected from tests.

- The sample tested is reasonably representative of the head grade expected for the deposit at a cut-off grade of 0.7% Cu.

- Regrinding of the concentrate had a negative effect on Ni flotation in the test work, however, it is expected that regrinding (around a P_{80} of 19 µm) will be required to adequately liberate pentlandite. This needs further investigation.

- The PLATSOL™ test work was limited to a single test on a 100 g sample of bulk concentrate. Recoveries reported from the work are only "projections" and should be viewed with caution until further work is completed. Overall PGM recoveries are higher than seen in testing other concentrates.

- The production of separate concentrates, a low grade bulk concentrate (6.3% Cu, 4.5% Ni) and a reasonably high grade Cu concentrate (28% Cu, 1.0% Ni) at overall recoveries of 95% for copper in the copper concentrate and the bulk concentrate and 61% for nickel in the bulk concentrate, may merit consideration as an alternative processing route. This process route, including only a concentrator without a hydrometallurgical plant, should be further investigated.

SAMPLES

Test work was conducted on a composite sample received on May 3, 2007, comprising approximately 225 kg contained in 13 pails from the Nokomis Deposit. After crushing to -6 mesh and blending, a 10 kg sample was set aside for Bond Work Index (BWI) testing and another 80 kg sample was crushed to -10 mesh, homogenized and split into 2 kg charges for flotation test work. The 150 kg remainder was stored for future use.

The composite sample approximates the average grade and mineralogy of the Indicated Resource at Nokomis at a 0.7% Cu cut-off grade. Head analyses of the composites from the SGS Lakefield report are shown in Tables 16-1 and 16-2.

MINERALOGY

A QEMSCAN mineralogical study was conducted in conjunction with the test work to determine the deportment of copper and nickel mineralization. A 2 kg sample was ground in a ball mill for 25 minutes and classified into four size fractions. A polished section from each fraction was prepared and submitted for QEMSCAN analysis. A significant observation was that a significant portion of the nickel (about 22%) is non-

sulphide. The agreement between wet chemical analysis and QEMSCAN analytical results was reasonable.

TABLE 16-1 CHEMICAL ANALYSES – HEAD GRADE
Duluth Metals Limited – Nokomis Deposit, Minnesota

Element	%	Element	g/t
Cu	0.77	Au	0.11
Ni	0.23	Pt	0.14
Fe	8.33	Pd	0.46
Co	<0.02		
S	1.46		

TABLE 16-2 WHOLE ROCK ANALYSES – HEAD GRADE
Duluth Metals Limited – Nokomis Deposit, Minnesota

Compound	%	Compound	%
SiO_2	45.9	TiO_2	1.21
Al_2O_3	16.1	P_2O_5	0.12
Fe_2O_3	14.8	MnO	0.15
MgO	8.95	Cr_2O_3	0.05
CaO	7.32	V_2O_5	0.02
Na_2O	2.80	LOI	0.58
K_2O	0.62		

The distribution of chalcopyrite, cubanite and pentlandite increases in the finer fractions. Pyrrhotite distribution remains almost constant in all fractions. About 80% of total copper in the ore is in chalcopyrite and 18% in cubanite. Pentlandite was the only nickel mineral detected.

GRINDING

A sample submitted for Bond ball mill work index determination was found to have a BWI of 16.3 kWh/t at a product size of 150 microns. The Nokomis ore is considered medium hard.

FLOTATION

The test work program included a series of rougher kinetic flotation tests to evaluate the response of the ore to the effect of grind and reagents. Rougher kinetic tests indicated that a primary grind of 100 µm is appropriate for the recovery of Cu and Ni. Copper rougher recovery can reach 95%, but the maximum nickel recovery was only 78%, primarily due to the presence of Ni in the unrecoverable silicates. However, Ni recoveries from the sulphide fraction can also reach 95%. SIPX (Sodium Isopropyl Xanthate) provided the best recoveries of sulphides and should be used if bulk flotation is pursued.

Three cleaner tests were conducted primarily to assess the rougher concentrate regrind P_{80}. One test was completed with no regrind, one at a P_{80} of 35 µm and another at P_{80} of 19µm. Regrinding had a positive effect on copper, with the highest recovery attained at a P_{80} of 19 µm, however, Ni recovery was adversely affected by finer grinding resulting in the poorest recovery. It is theorized that slower flotation kinetics of pentlandite is likely due to the finer particle size.

Additional cleaner tests were conducted with the aim of optimizing conditions ahead of locked cycle testing. Two of the cleaner tests were conducted on 10 kg of feed to generate concentrate for downstream work. Two locked cycle tests were conducted to assess the effect of recirculating products on metallurgy and also to generate sufficient concentrate for downstream testing and tailing for environmental testing.

Because the expected process will involve hydrometallurgical treatment of a flotation concentrate rather than conventional smelting, the grade of concentrate produced is of secondary importance to recovery, provided that the sulphide sulphur level in the concentrate is sufficient to maintain a satisfactory heat balance in the autoclave.

The first locked cycle test, LCT-1, was completed to produce two separate concentrates. The final copper concentrate grade was 28.5% Cu and 1.0% Ni with a recovery of 67.3% and 7.4%, respectively (from the last 2 cycles). A bulk concentrate

with a concentrate grade of 6.3% Cu and 4.5% Ni at a recovery of 27.3% Cu and 61.1% Ni was also produced. The second locked cycle test, LCT-2, was conducted to produce a bulk concentrate only. The LCT-2 bulk concentrate graded 12.3% Cu and 3.1% Ni with a recovery of 95.2% and 72.5%, respectively (from the last 2 cycles).

The test work indicates that a concentrate comprising about 5% to 6% of the ore weight is appropriate. At this concentration ratio, and subject to more definitive test work, expected metal recoveries are 94% to 95% for copper, 69% to 73% for nickel, and approximately 73% to 87% for platinum group metals and gold.

PRESSURE LEACHING

A single batch pressure leach test was conducted to establish preliminary metal extractions and to confirm general amenability of the Nokomis flotation concentrate to the PLATSOL™ process. Batch pressure leach tests are considered adequate to demonstrate gold and PGM behaviour under PLATSOL™ conditions, while semi-continuous test results are better used to establish base metal leach rates. The results show that high base metal and PGM extractions can be obtained with the process.

Tables 16-3 and 16-4 summarize analyses of the flotation concentrate derived from cycle flotation tests and used in the pressure leach program.

TABLE 16-3 CHEMICAL ANALYSES – FLOTATION CONC.
Duluth Metals Limited – Nokomis Deposit, Minnesota

Element	%	Element	g/t
Cu	14.6	Au	2.6
Ni	3.1	Pt	3.2
Fe	24.3	Pd	7.0
Co	0.10	Ag	40.8
S	24.3		

The following results were obtained:

TABLE 16-4 PLATSOL™ RESULTS
Duluth Metals Limited – Nokomis Deposit, Minnesota

	Ni	Cu	Co	Pd	Pt	Au
PLS* (mg/L)	3,100	16,000	80	0.7	0.3	0.14
PLATSOL™ Recovery (%)	99.2	99.6	89.2	98.1	97.6	84.1

*PLS – Pregnant Liquor Composition

FUTURE TEST WORK

Future test work on Nokomis should include more definitive bench scale flotation test work, as well as grindability and other work required for preliminary process design. Assuming that the flotation response is generally similar, additional test work will be undertaken to obtain more concentrate feed for PLATSOL™ testing. Data will be obtained in order to plan a pilot plant campaign.

A 38 metric tonne bulk sample of Nokomis mineralization has been collected as feed for pilot plant flotation test work to generate concentrate for an integrated PLATSOL™ program to prove the process at pilot scale and to generate process design data.

Environmental test work should also be pursued with the future work and, in particular, the possibility of having a separate storage for pyrrhotite tailings.

MINERAL PROCESSING

The proposed process for Nokomis involves flotation of a bulk sulphide concentrate containing copper, nickel, PGMs and gold and subsequent leaching and recovery of metals using the proprietary PLATSOL™ process. The PLATSOL™ process includes pressure leaching of concentrate under conditions suitable for simultaneously solubilising the base and precious metals. The pressure leach process will be followed by liquid/solid separation, recovery of PGMs and gold from the clarified solution by precipitation or adsorption, copper and nickel recovery using solvent extraction and electrowinning to produce cathode, and precipitation of a cobalt product from a bleed stream. This expected

general process is illustrated in the following simplified flow sheet (Figure 16-1), and may be subject to change as the test work proceeds. The copper and nickel would be a direct saleable product, and the cobalt and PGM-gold products will be shipped to refineries for processing.

The PLATSOL™ process has undergone extensive test work at SGS Lakefield, using material from PolyMet's NorthMet deposit. However, this process has not been commercially demonstrated.

The predicted metal extractions for Nokomis are shown in Table 16-5.

TABLE 16-5 NOKOMIS METALLURGICAL RECOVERIES
Duluth Metals Limited – Nokomis Deposit, Minnesota

	Ni %	Cu %	Pd %	Pt %	Au %
Concentrator Recovery	72.4	95.3	87.0	86.0	73.0
PLATSOL™ Recovery	99.2	99.6	98.1	97.6	84.1
Total Recovery	71.8	94.9	85.4	83.9	61.3

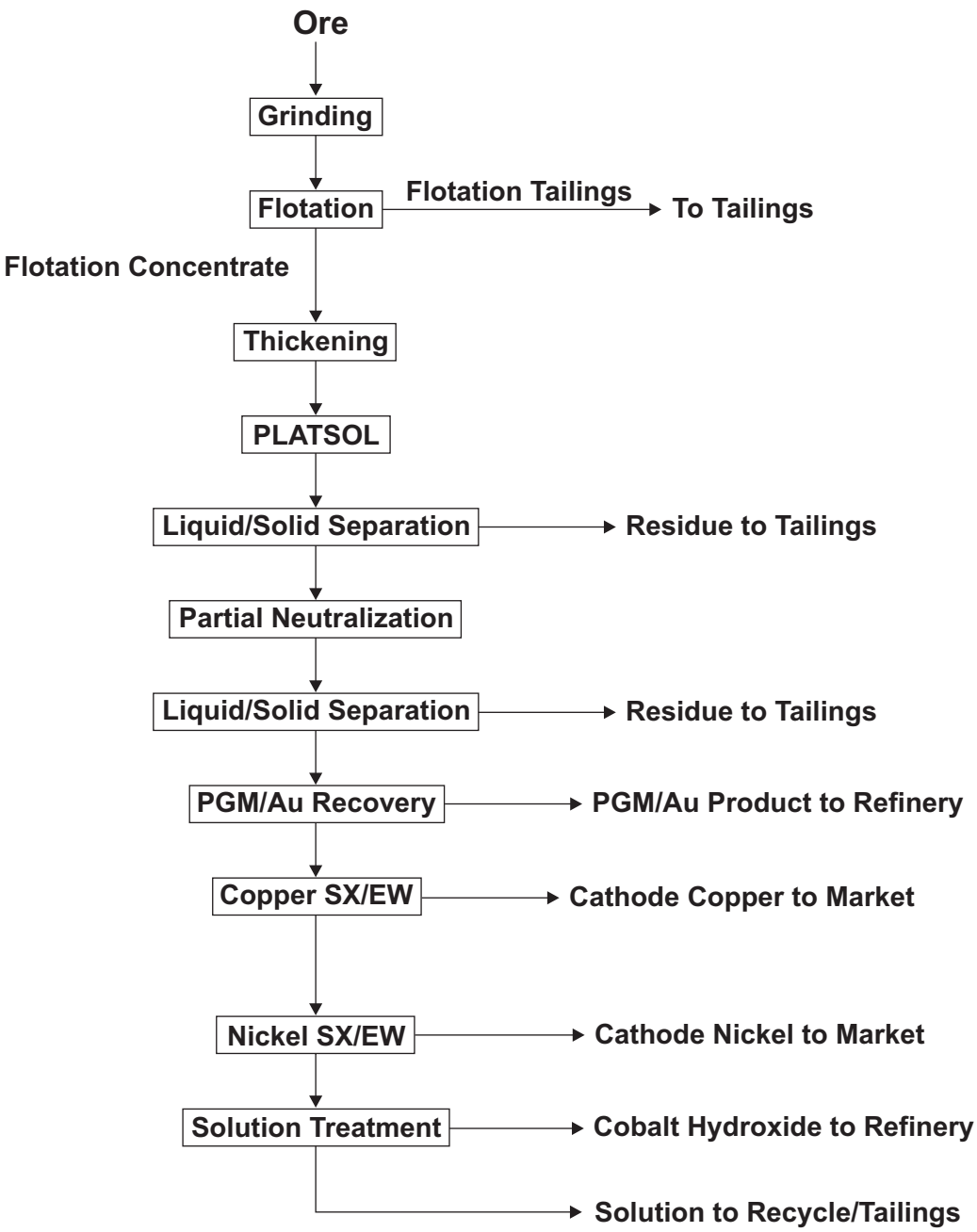


Figure 16-1

Duluth Metals Limited

Nokomis Project

Minnesota, U. S. A.

Simplified Process Flow Sheet

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17 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

MINERAL RESOURCES

SUMMARY

Scott Wilson RPA has reviewed drilling data (for holes drilled to the end of March, 2009) for the Nokomis Deposit and has independently estimated Mineral Resources in accordance with the requirements of NI 43-101 and the CIM Definition Standards on Mineral Resources and Mineral Reserves, as adopted by the CIM Council on December 11, 2005. The resource estimate uses data from all relevant drill holes, including the core sample assays, down hole surveys and specific gravity data, to generate a model of interpolated grades using two different methods: ordinary kriging for base metals and inverse distance squared (ID^2) for PGE and precious metals. The interpolation routines were constrained by the wireframe models for the deposit which were constructed at a cut-off grade of 1.0% copper equivalent (CuEq). The CuEq formula is based upon Net Smelter Return factors determined for the Preliminary Assessment by Scott Wilson RPA (January 18, 2008).

The Nokomis Deposit is, in part, the down-plunge continuation of the Maturi Deposit located on the Franconia Federal Lease. This lease adjoins the DML property on its northwest side. In order to construct a complete grade model for the mineralization the historic data from this, and other adjacent properties, was used to create a larger wireframe and database. Unfortunately, many of the historic holes lacked assay values for one or more of Co, PGEs, Au or Ag. To overcome this problem, the values for these metals were estimated using a regression formula derived from the recent MEX drill holes (a more complete set of values is available for Cu, Ni, Co, Au, Ag, and PGEs in the DML MEX series of holes). The estimated values were entered by Scott Wilson RPA into the resource estimation database.

The DML property boundary has been used to clip the wireframe so that the mineral resource estimate is only for that portion of the deposit that lies within the DML property boundary. The resource estimate is based entirely on diamond drilling and core sample assays.

Indicated and Inferred Resources are shown in Table 17-1; both CuEq and Cu cut-off grades are shown. Based on Scott Wilson RPA's review of metal prices, process recoveries, refining costs, and underground mine operating costs likely to apply at the Nokomis Deposit site, the 1.0% CuEq cut-off grade is reasonable for the statement of Indicated and Inferred Resources at this time.

TABLE 17-1 SUMMARY OF MINERAL RESOURCES AT VARIOUS CUT-OFF GRADES

Duluth Metals Limited - Nokomis Deposit, Minnesota, As of October 26 2009

Indicated Resources

Cut-off Grade	Tonnes (000's)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	550,038	0.639	0.200	0.010	0.092	0.176	0.392	0.660	1.51
0.5% Cu	482,438	0.666	0.206	0.010	0.098	0.188	0.420	0.706	1.57
0.6% Cu	327,847	0.719	0.216	0.011	0.110	0.216	0.482	0.808	1.69
0.7% Cu	157,803	0.797	0.231	0.011	0.127	0.256	0.567	0.950	1.87
0.8% Cu	59,958	0.886	0.242	0.011	0.149	0.307	0.676	1.132	2.07

Inferred Resources

Cut-off Grade	Tonnes (000's)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	273,835	0.632	0.207	0.010	0.091	0.185	0.409	0.685	1.53
0.5% Cu	252,000	0.648	0.210	0.010	0.094	0.192	0.424	0.710	1.57
0.6% Cu	158,651	0.700	0.218	0.010	0.109	0.227	0.499	0.835	1.69
0.7% Cu	63,846	0.785	0.229	0.010	0.131	0.278	0.601	1.010	1.88
0.8% Cu	20,275	0.865	0.239	0.010	0.134	0.307	0.657	1.098	2.03

Notes:

1. CIM definitions were followed for Mineral Resource estimation and classification.
2. Mineral Resources are estimated at a zone definition (wireframe) cut-off grade of approximately 1.0% Cu equivalent grade (CuEq).
3. The approximately 1.0% CuEq cut-off grade includes all material in the wireframe zones.
4. Bulk density is 3.01 t/m^3.
5. Resources were estimated to a maximum depth of approximately 1,350 m.
6. Copper equivalent (CuEq%) is based on Net Smelter Return Factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008.
7. Metal Prices used were $1.75/lb copper, $7.00/lb nickel, $10.00/lb Co, $600/oz Au, $1100/oz Pt and $350/oz Pd.
8. Copper equivalent (CuEq%) = Cu% + 3.03 x Ni% + 0.63 x Co% + 0.30 x Au g/t + 0.76 x Pt g/t + 0.24 x Pd g/t based on expected metal prices and process recovery and refining charges.
9. TPM is Au g/t + Pt g/t + Pd g/t.
10. Co, Au, Pt, Pd grades, that are lacking in historic drill holes, have been entered in the resource database based on regression of assay grades from DML drill hole assays.

DATABASE

The resource estimate for the Nokomis Deposit is based on 314 intercepts. Of these, 242 intercepts are from the MEX-series holes (for a cumulative total of 10,157 m, or 33,323 ft., including wedges) and 72 intercepts are from historic drill holes (for a cumulative total of 4,033 m or 13,232 ft.).

TABLE 17-2 NOKOMIS DEPOSIT DRILL HOLE INTERCEPTS
Duluth Metals Limited – Nokomis Deposit

Drill Intercepts	Length m (ft)	Average m (ft)
All	14,190 (46,555)	45.19 (148)

WIREFRAME MODEL AND CUT-OFF GRADE

Two wireframes were created for the Nokomis Deposit using a 1.0% CuEq value over a minimum width of 3 m (9.8 ft.):

1. The Main Nokomis wireframe. The mineralization within this wireframe occurs at or near the footwall of the Duluth Complex and it may locally continue for several metres into the altered, granitic basement rocks.

2. A smaller, discrete Footwall Zone of mineralization hosted within granitic rocks of the basement. Continuity of this mineralization is imperfect although grades greater than the cut-off value can be traced between holes in the modelled area.

The CuEq formula defining the wireframes is based upon Net Smelter Return factors determined for the Preliminary Assessment by Scott Wilson RPA (January 18, 2008) using such inputs as metal prices, mill and PLATSOL^{TM} leach recoveries and various market assumptions.

The wireframe for the Nokomis Deposit is approximately 6.1 km long and 2.5 km wide with its long axis oriented northeast-southwest. The mineralization comes to surface just outside the north and northwest sides of the DML property boundary. The deepest part of the wireframe is located approximately 1,310 m (4,298 ft.) below surface. The Footwall Zone within the granitic rocks in the central portion of the deposit is 927 m

(3,041 ft.) long in the northeast-southwest direction and 414 m (1,358 ft.) wide in the northwest-southeast direction. Table 17-2 shows the average thicknesses of the two zones. Figures 17-1 and 17-2 are plan and section views respectively of the Nokomis Deposit wireframes (the Footwall Zone, in cyan, is beneath the Main Zone, in red).

ASSAYS AND ASSAY STATISTICS

In most cases, the samples from the historic drill holes (pre-MEX series) were only assayed for Cu and Ni. In order to use the historic holes for grade interpolation Scott Wilson RPA used the recent drill holes (MEX series) to determine the correlation coefficients for all six assayed elements (Ni, Cu, Co, Au, Pt and Pd). The calculated linear regression equations for the MEX series data were used to calculate the missing entries for Co, Au, Pt and Pd in the historic holes. Compositing and grade interpolation routines were then applied to both the calculated values (historic holes) and the laboratory determined values (MEX series holes). The formulae used are:

$Co = 0.0317Ni\% + 0.037$ ($R^2 = 0.5977$)

$Au = 0.1199Cu\% + 0.0018$ ($R^2 = 0.5396$)

$Pd = 0.4718Cu\% + .0029$ ($R^2 = 0.6814$)

$Pt = 0.43Pd\ g/t + 0.0024$ ($R^2 = 0.7474$)

Scott Wilson RPA examined descriptive statistics for the assays within the wireframes (Table 17-3).

COMPOSITING

To regularize the sample support for grade interpolation the raw assays were composited to equal lengths of 3.5 m (11.5 ft.). This length is longer than 96% of the raw assay sample lengths. Statistics for the composites within the wireframes are shown in Table 17-4. Composites shorter than one metre (3.28 ft.) were omitted from the interpolation routine. A comparison of average grades between the excluded and retained composites indicated no grade bias introduced by the exclusion.

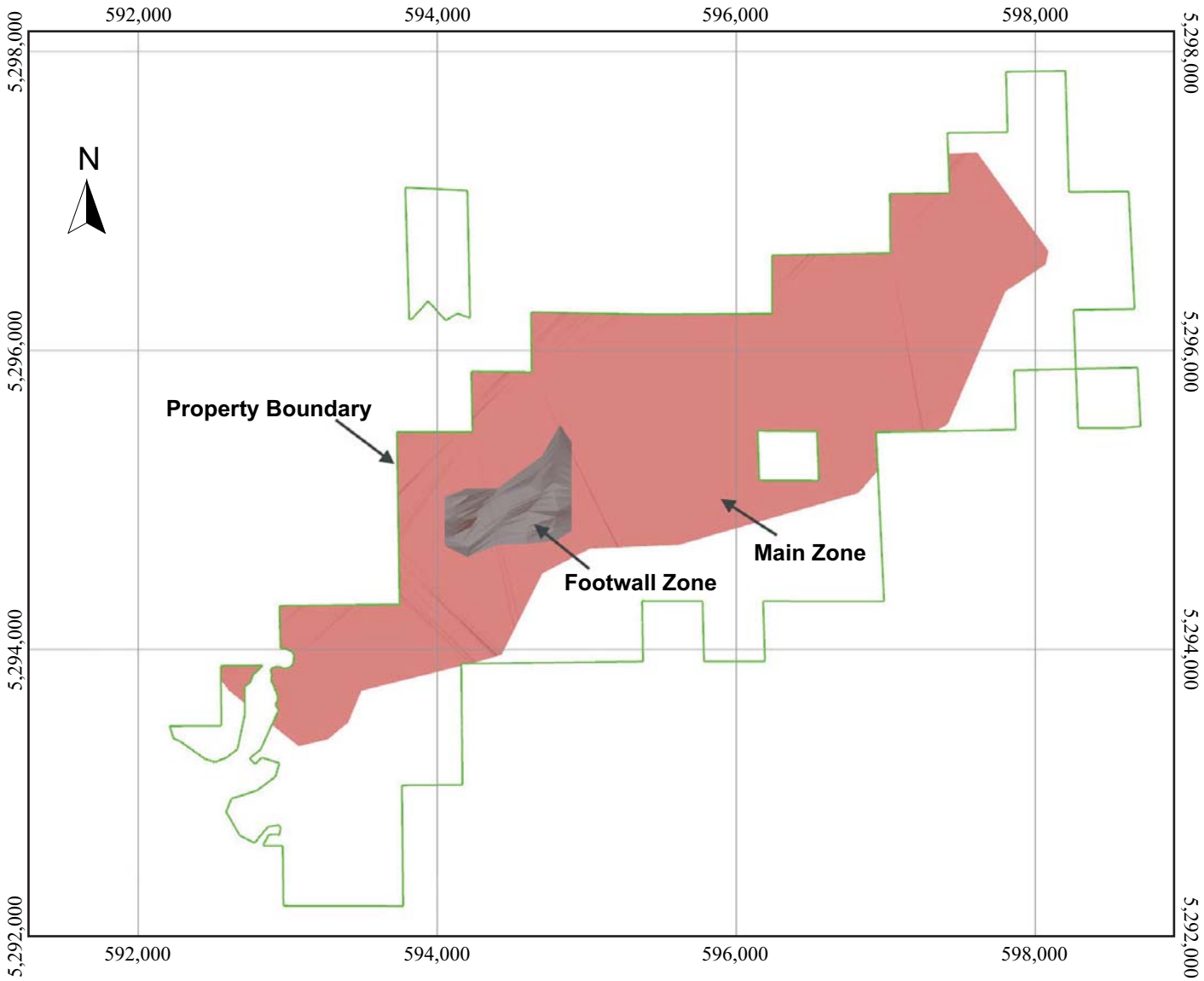

Figure 17-1

Duluth Metals Limited

Nokomis Project

Minnesota, U.S.A.

Plan View of the Resource Estimation Wireframes

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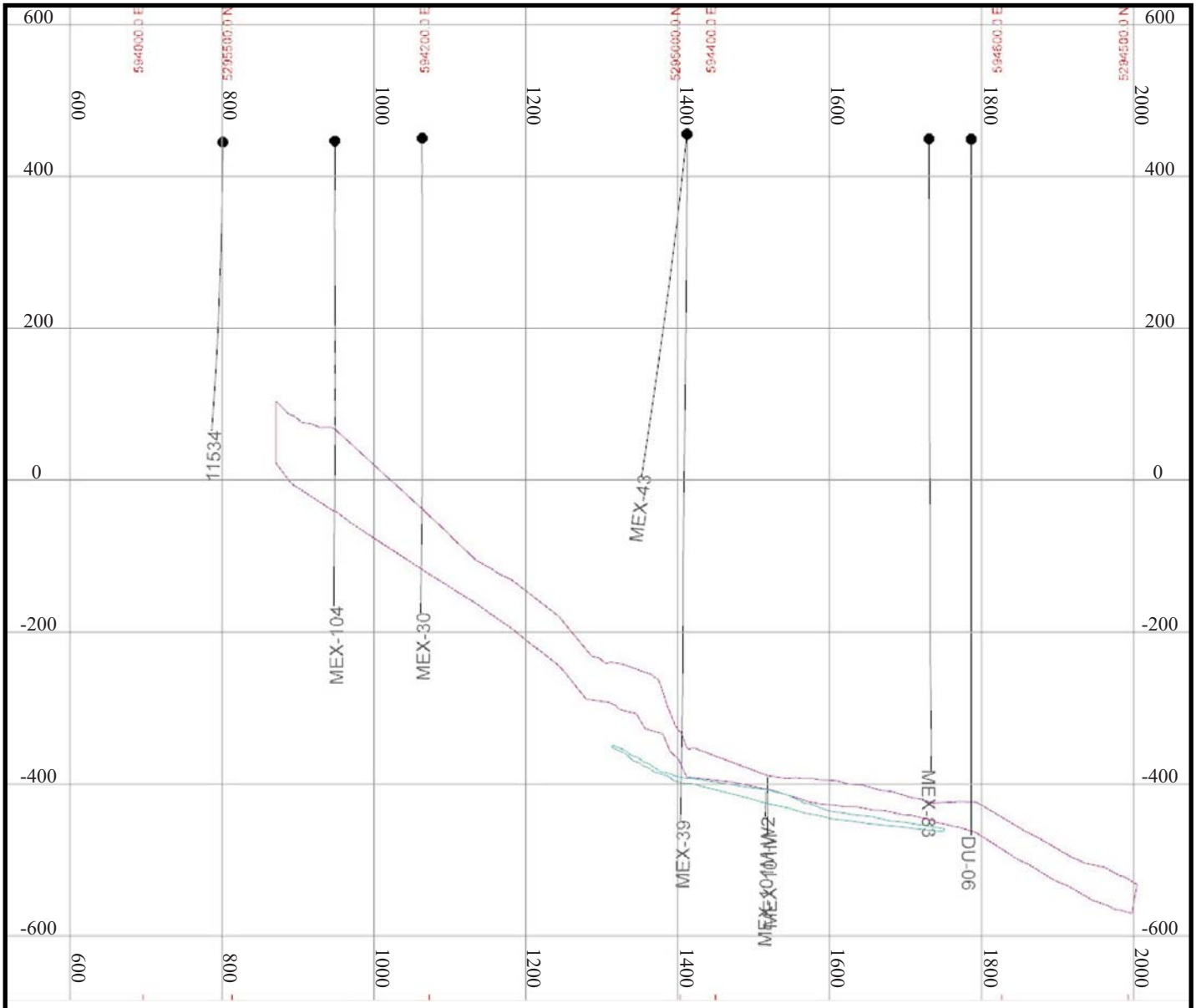

Looking Northeast

0 100 200 300 400
Metres

Figure 17-2

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Composite Cross Section of the Resource Estimation Wireframes

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TABLE 17-3 STATISTICS FOR ASSAYS WITHIN THE RESOURCE WIREFRAMES

Duluth Metals Limited - Nokomis Deposit, Minnesota

	Cu%	Ni%	Co%	Au g/t	Pt g/t	Pd g/t	Ag g/t	CuEq%
Main Zone								
Mean	0.604	0.194	0.010	0.080	0.147	0.329	2.140	1.413
Standard Error	0.003	0.001	0.000	0.001	0.001	0.003	0.015	0.008
Median	0.580	0.184	0.010	0.063	0.115	0.263	2.000	1.335
Mode	0.540	0.190	0.010	0.045	0.064	0.233	0.250	0.000
Standard Deviation	0.310	0.102	0.004	0.087	0.134	0.257	1.401	0.710
Sample Variance	0.096	0.010	0.000	0.008	0.018	0.066	1.962	0.504
Kurtosis	61.327	47.538	66.046	249.629	62.974	14.674	152.539	24.679
Skewness	3.822	3.985	4.239	11.671	5.209	2.790	7.456	2.543
Range	8.020	2.180	0.090	2.870	3.070	3.600	44.300	13.159
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	8.020	2.180	0.090	2.870	3.070	3.600	44.300	13.159
Sum	5173	1665	89	682	1262	2820	18339	12114
Count	8571	8571	8571	8571	8571	8571	8571	8571
Confidence Level (95.0%)	0.007	0.002	0.000	0.002	0.003	0.005	0.030	0.015

	Cu%	Ni%	Co%	Au g/t	Pt g/t	Pd g/t	Ag g/t	CuEq%
Footwall Zone								
Mean	0.579	0.274	0.007	0.080	0.148	0.341	1.980	1.632
Standard Error	0.030	0.023	0.001	0.008	0.006	0.014	0.283	0.092
Median	0.550	0.194	0.004	0.067	0.145	0.334	1.600	1.427
Mode	0.000	0.000	0.000	0.000	0.000	0.000	0.250	0.000
Standard Deviation	0.404	0.302	0.010	0.107	0.079	0.187	3.762	1.225
Sample Variance	0.163	0.091	0.000	0.011	0.006	0.035	14.152	1.502
Kurtosis	45.621	11.164	11.357	110.507	-0.019	3.323	110.106	7.098
Skewness	4.913	3.044	3.175	9.515	0.254	0.845	9.712	2.236
Range	4.420	2.070	0.064	1.335	0.365	1.305	46.100	8.079
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	4.420	2.070	0.064	1.335	0.365	1.305	46.100	8.079
Sum	102.497	48.509	1.268	14.130	26.220	60.385	350.492	288.936
Count	177	177	177	177	177	177	177	177
Confidence Level (95.0%)	0.060	0.045	0.001	0.016	0.012	0.028	0.558	0.182

TABLE 17-4 STATISTICS FOR COMPOSITES WITHIN THE RESOURCE WIREFRAMES

Duluth Metals Limited - Nokomis Deposit, Minnesota

	Cu%	Ni%	Co%	Au g/t	Pt g/t	Pd g/t	Ag g/t	CuEq%
Main Zone								
Mean	0.588	0.191	0.010	0.077	0.142	0.319	2.083	1.179
Standard Error	0.004	0.001	0.000	0.001	0.002	0.003	0.015	0.008
Median	0.577	0.184	0.010	0.065	0.115	0.259	2.007	1.124
Mode	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Standard Deviation	0.244	0.082	0.003	0.062	0.108	0.221	1.007	0.504
Sample Variance	0.059	0.007	0.000	0.004	0.012	0.049	1.014	0.254
Kurtosis	4.870	7.634	11.792	73.316	16.915	8.509	16.732	2.549
Skewness	0.730	1.334	0.932	6.122	3.016	2.261	2.130	0.831
Range	3.218	0.990	0.047	1.276	1.499	2.497	15.444	4.991
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	3.218	0.990	0.047	1.276	1.499	2.497	15.444	4.991
Sum	2494.982	811.936	43.237	326.973	603.042	1350.637	8833.225	4998.807
Count	4240	4240	4240	4240	4240	4240	4240	4240
Confidence (95.0%)	0.007	0.002	0.000	0.002	0.003	0.007	0.030	0.015

	Cu%	Ni%	Co%	Au g/t	Pt g/t	Pd g/t	Ag g/t	CuEq%
Footwall Zone								
Mean	0.552	0.245	0.007	0.082	0.138	0.320	1.934	1.165
Standard Error	0.047	0.023	0.001	0.013	0.008	0.019	0.258	0.085
Median	0.551	0.191	0.004	0.070	0.144	0.327	1.498	1.068
Mode	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Standard Deviation	0.472	0.232	0.008	0.134	0.078	0.193	2.582	0.850
Sample Variance	0.223	0.054	0.000	0.018	0.006	0.037	6.668	0.723
Kurtosis	45.657	6.259	7.440	79.766	-0.161	5.873	27.944	6.519
Skewness	5.507	2.207	2.494	8.472	-0.080	1.043	4.828	1.866
Range	4.419	1.317	0.045	1.335	0.349	1.305	17.895	5.224
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	4.419	1.317	0.045	1.335	0.349	1.305	17.895	5.224
Sum	55.201	24.503	0.652	8.159	13.837	31.954	193.449	116.453
Count	100	100	100	100	100	100	100	100
Confidence (95.0%)	0.094	0.046	0.002	0.027	0.015	0.038	0.512	0.169

GRADE CAPPING

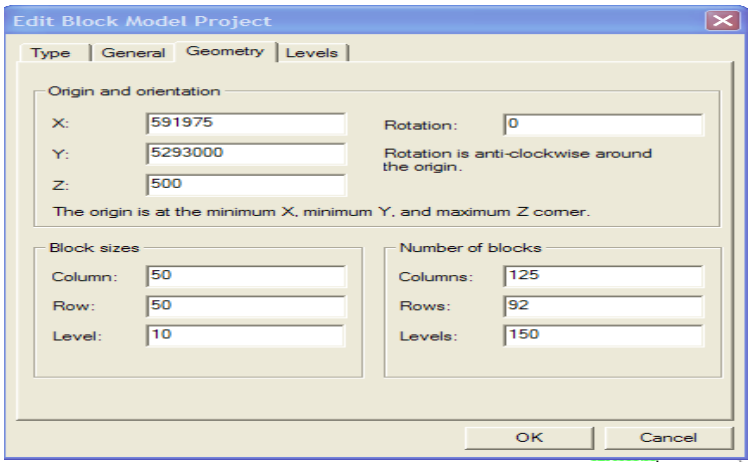
Scott Wilson RPA examined histograms and cumulative frequency plots for Cu and Ni assay grades within the wireframes to determine if any outliers should be capped. Both copper and nickel show almost normal distributions (slight positive skew) with a few values above 3% for copper (<0.12% of the assays) and 1.0% for nickel (<0.25% of the assays). Scott Wilson RPA elected to leave these few values uncapped (Figure 17-3). An analysis of the average grades for Cu and Ni in the uncapped and capped datasets found negligible impact.

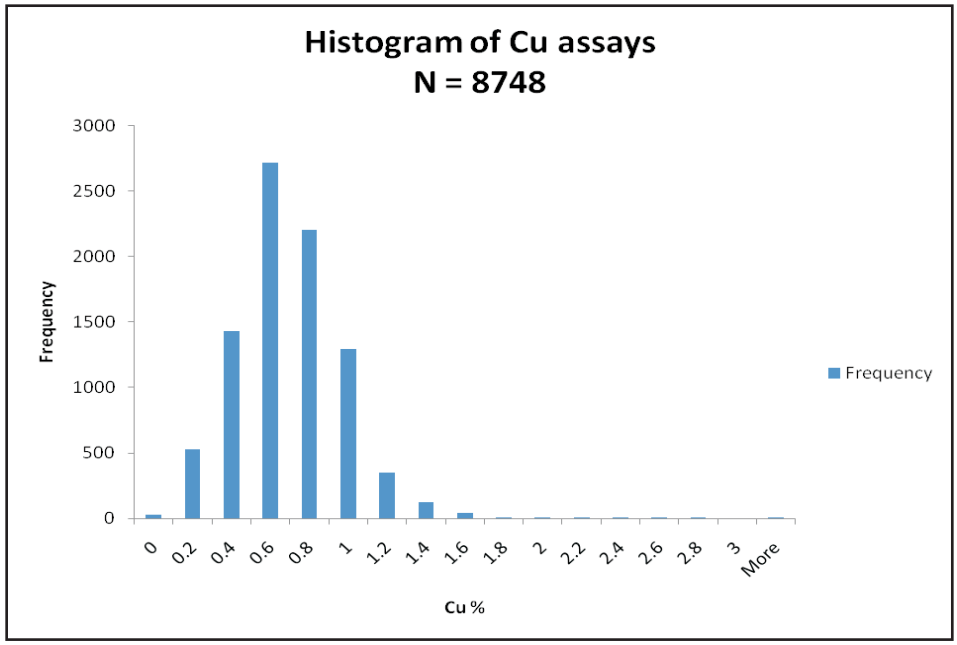
BULK DENSITY

DML measured 15 cm (0.5 ft.) lengths of mostly split core for their specific gravity (SG). Samples were routinely taken at 1.52 m to 3.05 m (5 ft. to 10 ft.) intervals down the hole in the MEX series holes to provide a database of 2,789 tests. SG determinations were done by water displacement in a graduated cylinder. Scott Wilson RPA correlated the mineralized host rock types with SGs to arrive at a length-weighted average SG of 3.01 for the mineralized zone. A bulk density of 3.01 t/m^3 was used for volume conversion to tonnage for the resource estimate.

BLOCK MODEL

A 3D block model was created for the Nokomis Deposit using 50 m by 50 m by 10 m blocks (164 ft. by 164 ft. by 33 ft.). Model specifications are shown below.





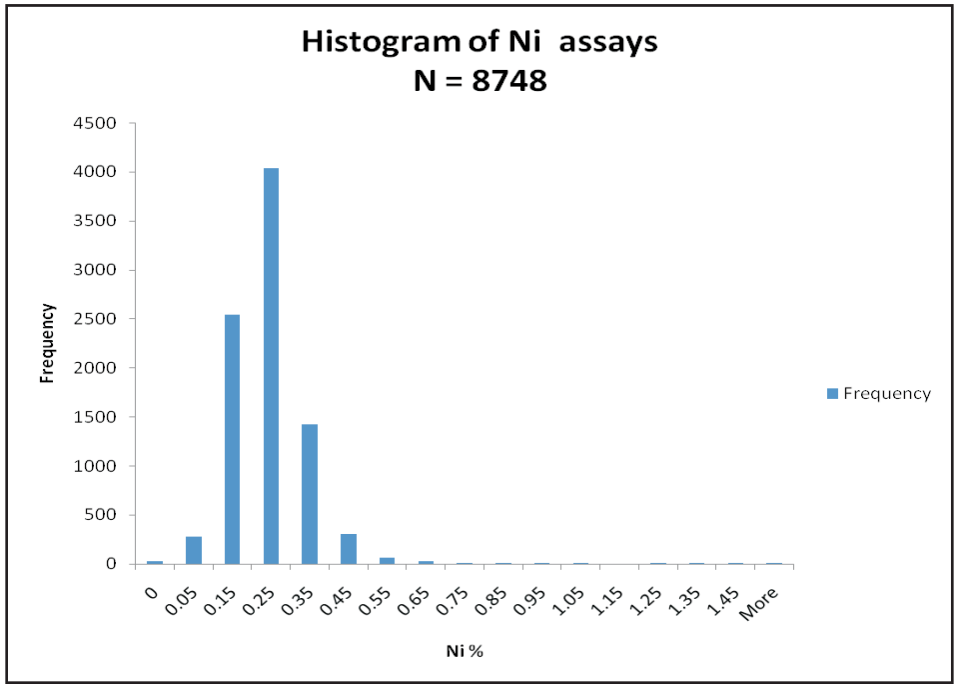


Figure 17-3

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Histograms of Cu and Ni Analyses in the Nokomis Deposit

December 2009

For this update, the block model was expanded to accommodate the new Main Zone wireframe that was created to include data from the latest drilling programs. The model, which is not rotated because the drill grid is oriented north-south, contains 1,725,000 blocks for a volume of 43,125 million m^3 (887,568 ft^3). The block model carries the following attributes: rock/ore type, bulk density, Cu, Ni, Co, Au, Pt, Pd and Ag.

For volumetric control within the wireframes, the GEMS 6.1.4 software estimates the percentage of any resource block that falls inside and outside the wireframe. This contrasts with other mining software that use smaller blocks (sub-blocks or sub-cells) to improve the precision of the wireframe volume estimate.

VARIOGRAPHY

Down-hole linear semi-variogram composite grades were used to determine the nugget (C_0) for 3D variography. Scott Wilson RPA constructed semi-variograms for strike, dip, and thickness directions for Cu and Ni for this estimate using the updated dataset. Results of the variography are shown below:

Copper Axis	Orientation	Co	C_1	Range (m)	C_2	Range (m)
Strike	052ºAz./0º	0.33	0.34	49	0.33	268
Dip	142ºAz./-20º	0.33	0.34	64	0.33	337
Thickness	322ºAz./-70º	0.33	0.05	33	0.62	39

Nickel Axis	Orientation	Co	C_1	Range (m)	C_2	Range (m)
Strike	052ºAz./0º	0.33	0.29	53	0.38	189
Dip	142ºAz./-20º	0.33	0.29	96	0.38	347
Thickness	322ºAz./-70º	0.33	0.15	14	0.51	46

The variograms for both copper and nickel are shown in Appendix A. The difference in C_1 ranges between this report and that of Routledge (2008) is believed to reflect the influence of closer-spaced samples from the multiple wedge-cuts in the metallurgical holes. In addition, this report uses a larger data set within a larger wireframe which will create differences in the variogram outputs.

INTERPOLATION

Scott Wilson RPA used ordinary kriging (OK) for Ni and Cu grade interpolation with kriging profiles developed from the Ni and Cu variograms. Inverse distance squared (ID^2) interpolation was used for Au, Pt, Pd and Ag, using Cu variogram range search distances. Cobalt was interpolated using the Ni OK and search parameters. Anisotropic (ellipse) search distances were established from the copper and nickel variography.

For OK and ID^2, a minimum of four composites and a maximum of 12 composites were used to populate the blocks during Pass 1. To assign grades to all blocks in the wireframes, Scott Wilson RPA employed second and third interpolation passes with expanded searches. For Pass 2, a minimum of two composites was used while Pass 3 used a minimum of one composite. In both cases (Passes 2 and 3), the maximum number of composites was 12. Search distance parameters are:

	Maximum Search Range (m)		
Interpolation Pass	**1**	**2***	**3***
	Copper		
Strike	134	268	1,072
Dip	169	337	1,352
Thickness	20	39	160
	Nickel		
Strike	95	189	1,072
Dip	174	347	1,352
Thickness	23	46	160

* Expanded searches to fill wireframe

Figures 17-4 to 17-7 illustrate cross sections and plans of the block model.

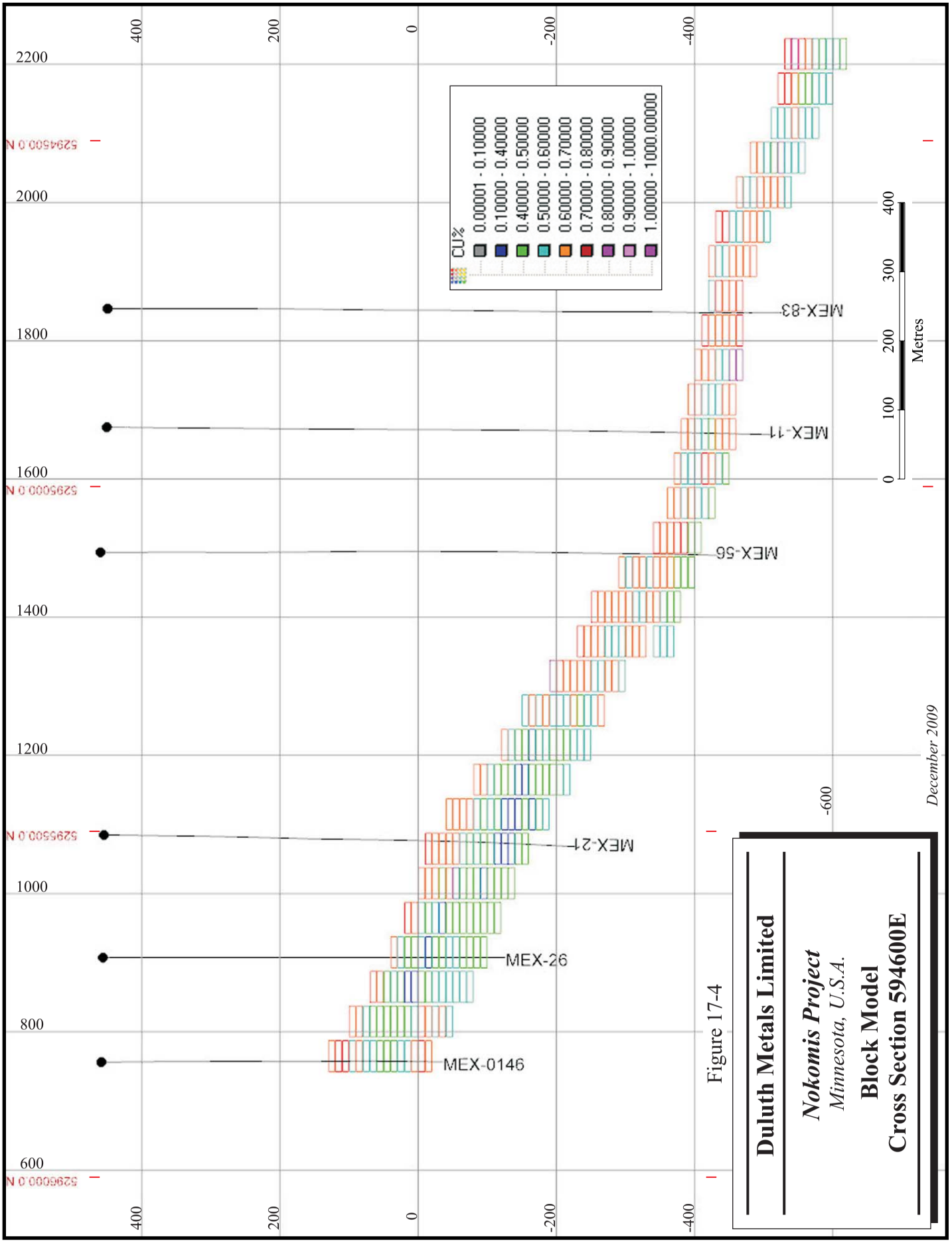


Figure 17-4

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.
Block Model
Cross Section 594600E

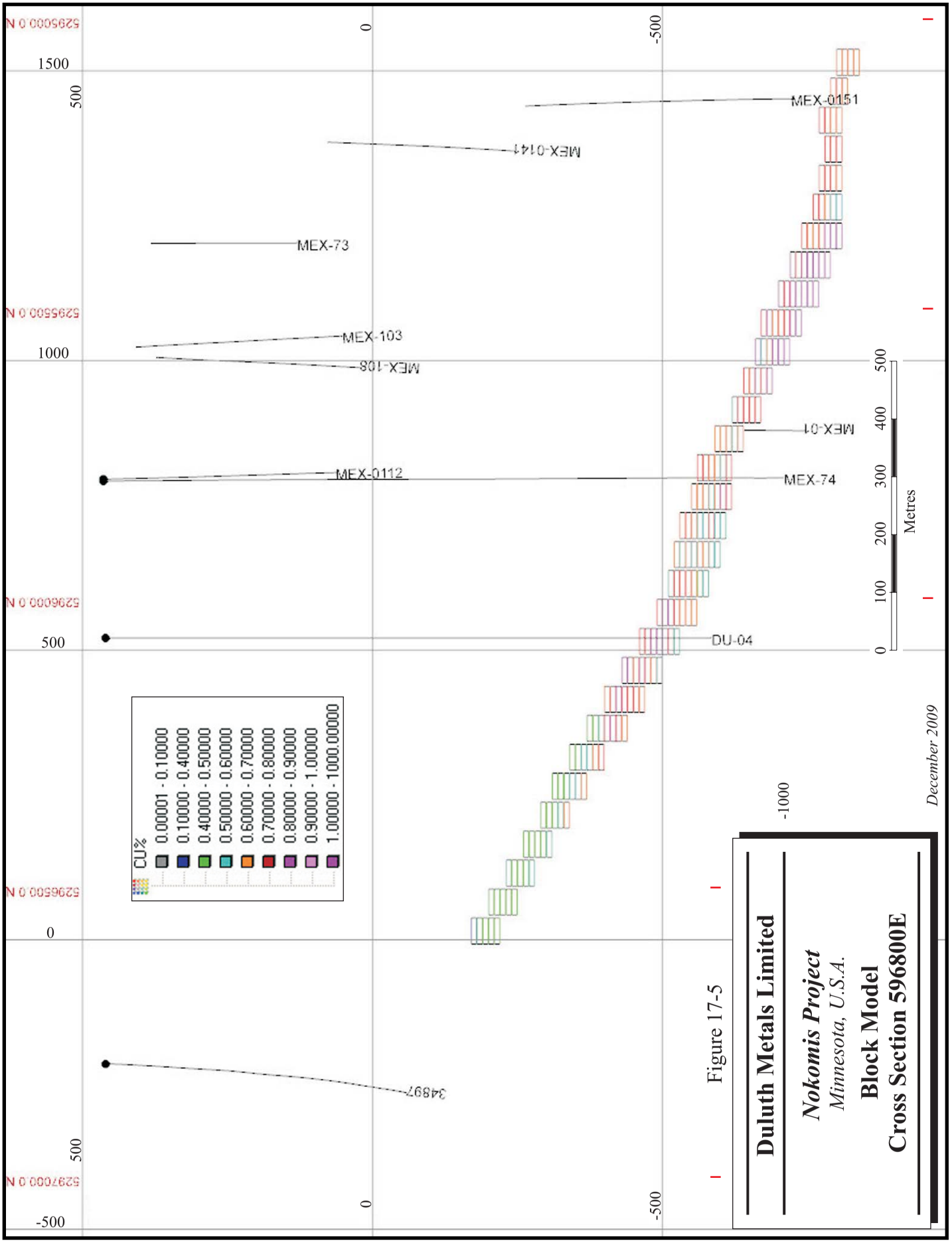
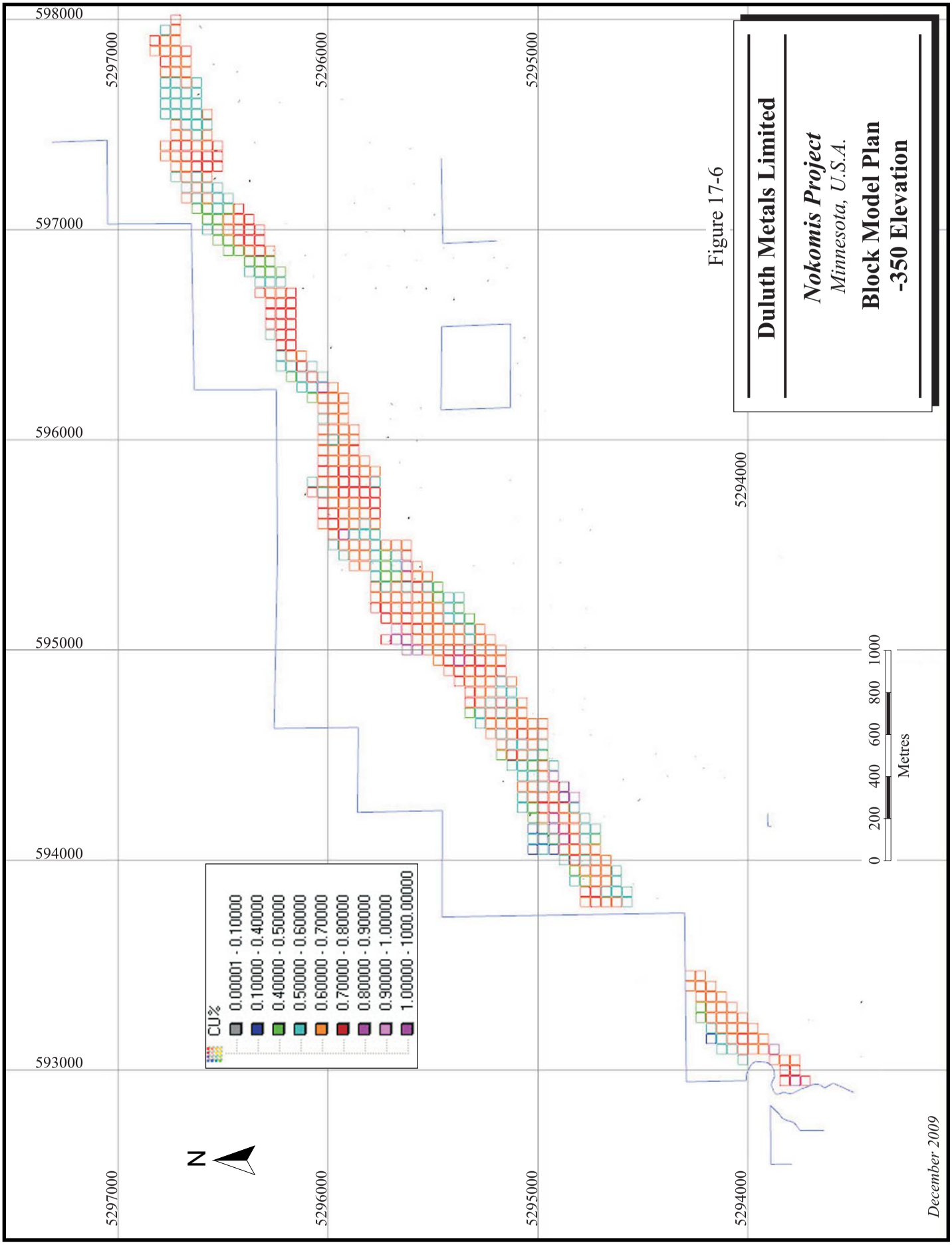

MEX-0151
MEX-0141
MEX-73
MEX-103
MEX-108
MEX-01
MEX-0112
MEX-74
DU-04
34897
CU%
0.00001 - 0.10000
0.10000 - 0.40000
0.40000 - 0.50000
0.50000 - 0.60000
0.60000 - 0.70000
0.70000 - 0.80000
0.80000 - 0.90000
0.90000 - 1.00000
1.00000 - 1000.00000
Metres
0
100
200
300
400
500
December 2009
Duluth Metals Limited
Nokomis Project
Minnesota, U.S.A.
Block Model
Cross Section 596800E

Figure 17-5


598000
597000
596000
595000
594000
593000
5297000
5296000
5295000
5294000
CU%
0.00001 - 0.10000
0.10000 - 0.40000
0.40000 - 0.50000
0.50000 - 0.60000
0.60000 - 0.70000
0.70000 - 0.80000
0.80000 - 0.90000
0.90000 - 1.00000
1.00000 - 1000.00000
0 200 400 600 800 1000
Metres
N
Duluth Metals Limited
Nokomis Project
Minnesota, U.S.A.
Block Model Plan
-350 Elevation
Figure 17-6
December 2009

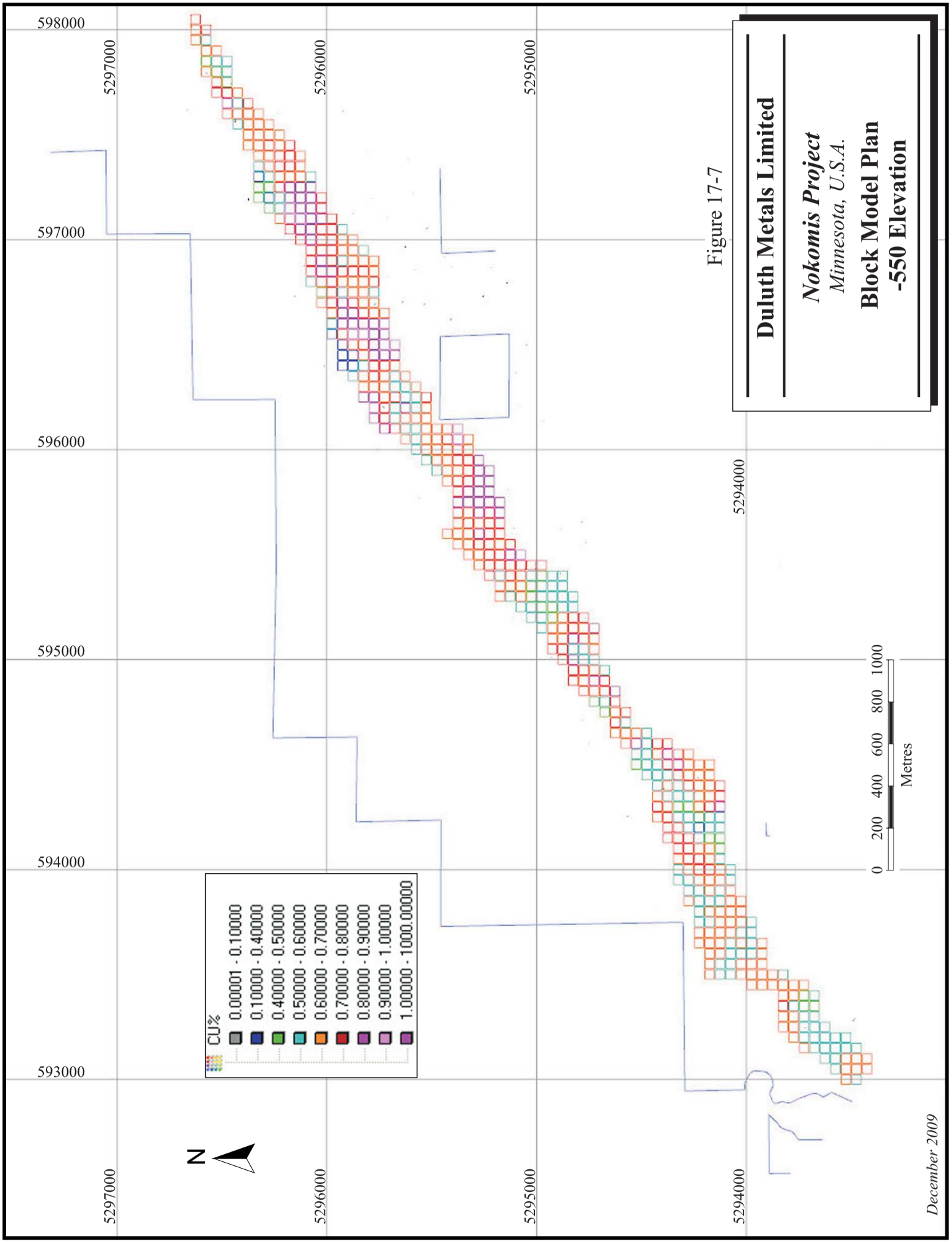

598000
597000
596000
595000
594000
593000
5297000
5296000
5295000
5294000
CU%
0.00001 - 0.10000
0.10000 - 0.40000
0.40000 - 0.50000
0.50000 - 0.60000
0.60000 - 0.70000
0.70000 - 0.80000
0.80000 - 0.90000
0.90000 - 1.00000
1.00000 - 1000.00000
0 200 400 600 800 1000
Metres
N
Duluth Metals Limited
Nokomis Project
Minnesota, U.S.A.
Block Model Plan
-550 Elevation
December 2009

Figure 17-7

RESOURCE REPORTING AND CLASSIFICATION

Resource blocks within the wireframe were only counted if they fell within the DML property boundaries (magenta lines in Figure 17-8).

Scott Wilson RPA classifies the resources in the Nokomis Deposit as Indicated or Inferred Mineral Resources using CIM definitions. For Nokomis, Indicated Resources are blocks lying within 100 m (328 ft.) of a composite value while Inferred Resources are blocks where the nearest composite value is greater than 100 m (328 ft.). This distance is approximately two-thirds of the variogram distance. A region of contiguous blocks (shown as a brown line in Figure 17-8) was selected and reported as Indicated Resources within the DML property boundary. Any other resource blocks within the property boundary were classified as Inferred Mineral Resources.

MODEL VALIDATION

The grade interpolation results were validated by:

- On-screen checks to ensure that the interpolated block grades, within reason, match the local composite values.
- Comparison of average assay, composites and block grades (Table 17-5).
- A numerical comparison of the copper grades (Indicated) for OK with the results for interpolation by inverse distance squared (ID^2) and Nearest Neighbour (NN).
- A review of the spatial distribution of Indicated Resource blocks at incremental cut-off grades to verify that the resource remains reasonably continuous at increasing copper cut-offs.

The block grades compare reasonably well to both the assay and composite values when all three data types are viewed together on screen. The decrease in average grades from assays to composites is expected (Table 17-5) but the increase in average block grade (by 6% from the composites) suggests minor grade smearing of some higher values (even though the grade range, variance and coefficient of variation have all decreased). Grade differences between the interpolation methods were less than 1% which tends to support the veracity of the OK model. Finally, resource blocks in the zones are reasonably continuous at copper cut-offs up to 0.8%.

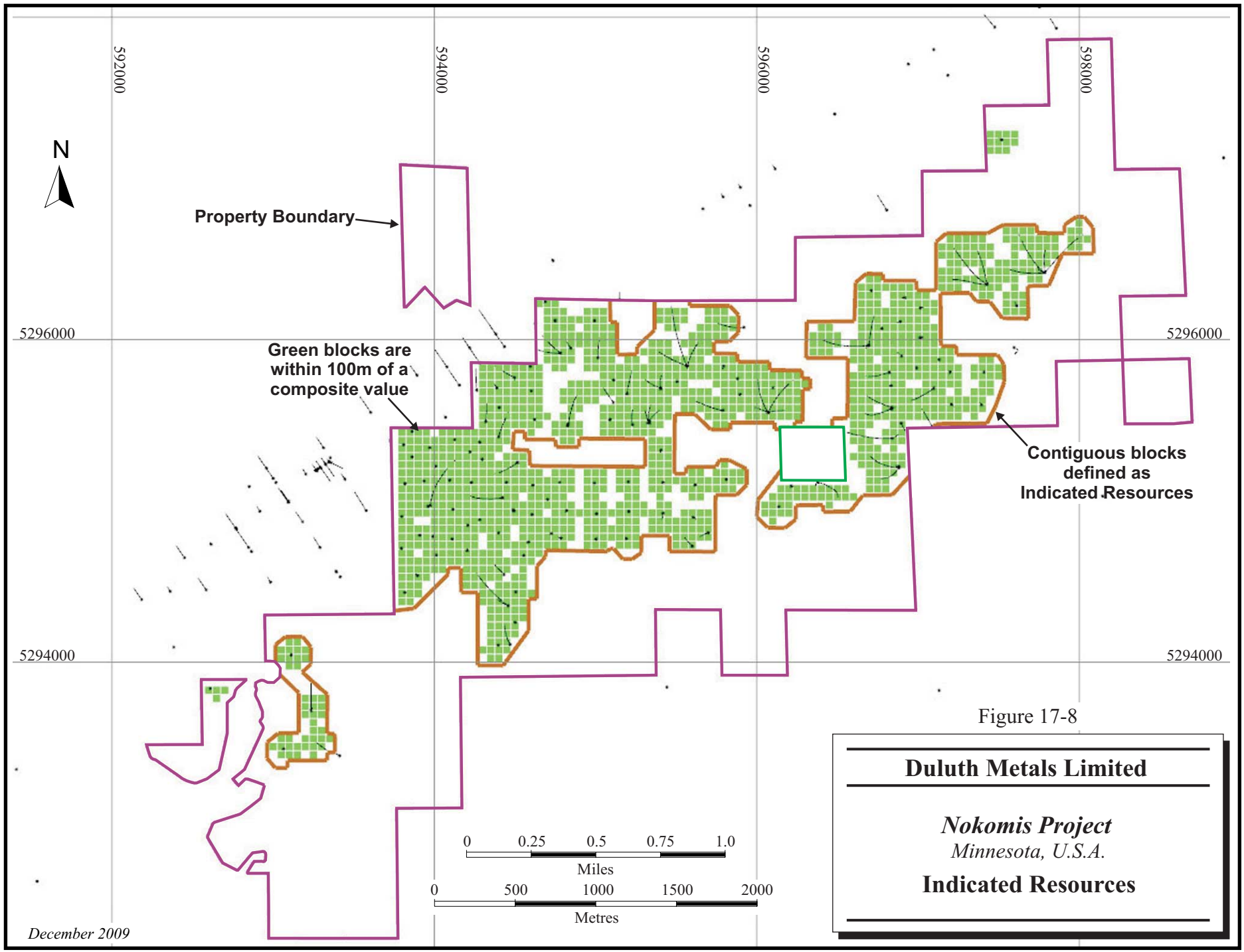


Figure 17-8

Duluth Metals Limited

Nokomis Project

Minnesota, U.S.A.

Indicated Resources

TABLE 17-5 GRADE COMPARISONS FOR ASSAYS, COMPOSITES AND RESOURCE BLOCKS

Duluth Metals Limited - Nokomis Deposit, Main Zone Minnesota

Assays

Statistic	Cu%	Ni%	Co%	Au g/t)	Pt g/t)	Pd g/t)
Count	8,571	8,571	8,571	8,571	8,571	8,571
Minimum	0	0	0	0	0	0
Maximum	8.020	2.180	0.090	2.870	3.070	3.600
Average	0.604	0.194	0.010	0.080	0.147	0.329
Variance	0.096	0.010	0.000	0.008	0.018	0.066
Standard Deviation	0.310	0.102	0.004	0.087	0.134	0.257
Coefficient of Variation	0.513	0.526	0.400	1.087	0.912	0.781

3.5 m Composites

Statistic	Cu%	Ni%	Co%	Au g/t	Pt g/t	Pd g/t
Count	4,240	4,240	4,240	4,240	4,240	4,240
Minimum[(1)]	0	0	0	0	0	0
Maximum	3.218	0.990	0.047	1.276	1.499	2.497
Average	0.588	0.191	0.010	0.077	0.142	0.319
Variance	0.059	0.007	0.000	0.004	0.012	0.049
Standard Deviation	0.244	0.082	0.003	0.062	0.108	0.221
Coefficient of Variation	0.415	0.429	0.300	0.805	0.761	0.693

Notes:
[(1)] Includes composites <1 m that were omitted from grade interpolation

Resource Blocks

Statistic	Cu%	Ni%	Co%	Au g/t	Pt g/t	Pd g/t
Count	36,727	36,727	36,727	36,727	36,727	36,727
Minimum	0.186	0.059	0.005	0.015	0.023	0.051
Maximum	1.643	0.477	0.034	1.017	0.779	1.622
Average	0.624	0.209	0.010	0.085	0.163	0.361
Variance	0.014	0.002	0.000	0.002	0.007	0.031
Standard Deviation	0.119	0.045	0.002	0.040	0.085	0.177
Coefficient of Variation	0.191	0.215	0.200	0.471	0.521	0.490

HIGHER-GRADE AREAS

Six discrete higher-grade areas have been defined within the Nokomis deposit wireframe. These sub-sets of the global resource are described further in Appendix B.

MINERAL RESERVES

No pre-feasibility or feasibility studies have been carried out for the Nokomis Deposit and, consequently, there are no Mineral Reserves estimates at the present time.

18 OTHER RELEVANT DATA AND INFORMATION

Scott Wilson RPA is not aware of any other relevant data and information on the Nokomis Property other than that described and discussed in this report.

19 INTERPRETATION AND CONCLUSIONS

Scott Wilson RPA has independently estimated both Indicated and Inferred Mineral Resources for the Nokomis Deposit using 3D block modelling and grade interpolation by ordinary kriging and inverse distance squared. The depth, tonnes and grade profile for this deposit suggest that bulk underground mining should be the preferred method of exploitation.

The Nokomis Deposit is located within DML's Nokomis Property within which the 2006-2009 diamond drilling has been conducted. The Cu-Ni-Co-Au-PGE bearing mineralization extends up-dip (off the property) and up-plunge to the west and northwest and is more or less continuous with the mineralization known as the Maturi Deposit.

The wider-spaced drilling pattern from previous years was reduced by in-fill drilling in 2007, 2008 and 2009. As shown in this report, the closer-spaced drilling has created a larger Indicated Resource category for the Nokomis Deposit when compared to the 2007 and 2008 estimates. In fact, the majority of the 2007-2009 drill holes are located within the Indicated Resource domain. The Nokomis Deposit remains open down-dip and along strike, where there is the real potential for additional resources. As well, within the mineralized envelope, copper and nickel display good grade continuity over significant distances and there is the opportunity to expand the poorly-tested footwall mineralization through additional drilling.

The resource estimate is based entirely on diamond drilling and core assaying from both DML and previous explorers. Scott Wilson RPA has checked DML's drilling and assaying methodology and notes that it has been carried out to current industry standards. Scott Wilson RPA was unable to verify the methodology of the previous explorers but notes that the Indicated Resource (higher-confidence) is defined mostly by DML's recent MEX series holes which have verifiable data. The estimate does use some of the historic drill holes that are known to have less reliable down-hole surveys and generally lack

cobalt, gold and PGE assays. In general, these historic holes are located within the Inferred Resources category.

In order to use the pre-DML holes, the missing cobalt, gold and PGE grades were estimated as "calculated values" derived from a regression analysis of the more complete DML assays. This permits interpolation of grades into those resource blocks that extend across the north and west property boundaries. Because of the uncertainties attached to these historic holes the resource classification for these blocks is lower than that for blocks using the MEX series drilling data. Even with these minor uncertainties, Scott Wilson RPA believes that the database is suitable for resource and reserve estimation.

The resources on the Nokomis Property were reported by clipping the resource block model at the property boundary. Property boundaries follow the State Public Land System and, for the most part, are not evident on the ground, although a Township survey marker has been located. Going forward with exploration and potential development, a boundary survey will be necessary. Since the Nokomis Deposit is, in part, continuous down dip from the Maturi Deposit located on Franconia's land to the west and northwest, accurate positioning of the boundary is necessary to delineate resources on the respective properties.

20 RECOMMENDATIONS

This Scott Wilson RPA Resource Estimate Update indicates that the Nokomis Deposit merits further work, much of which was recommended in the last Preliminary Assessment (January 2009). Areas of concentration include:

1. Upgrade drilling to benefit mine development planning, provide additional metallurgical samples, and provide samples for waste rock characterization.

2. Continue environmental baseline data collection, scoping, modelling, sampling, and inventory, and continue to focus on the requirements needed for permitting.

3. Undertake rock mechanic and mine planning studies.

4. Continue flotation and hydrometallurgical test work and conduct pilot plant operations to confirm recoveries, to allow the development of detailed process design criteria, and to demonstrate product purity samples.

5. Tailings chemistry and disposal should be evaluated, including options for paste backfill.

6. Initiate the Pre-Feasibility stage of assessment.

RECOMMENDED PROGRAM AND BUDGET

DML has already initiated all of the recommendations set out in the Preliminary Assessment and is in various stages of completion of those activities. Approximately 38 metric tonnes of metallurgical bulk sample has been collected by a large diameter PQ drill program. This core is currently securely stored at Ely, Minnesota, in sealed drums purged with nitrogen.

A recommended program and budget for the continuation of these activities through to the end of 2010 is shown in Table 20-1.

TABLE 20-1 RECOMMENDED PROGRAM AND BUDGET
Duluth Metals Limited – Nokomis Deposit, Minnesota

Category	Amount, $
Boundary Survey	40,000
Continued and upgraded drilling (NQ & PQ)	8,000,000
Geologic Studies	300,000
Mining Services, Planning & Studies	1,500,000
Metallurgical Testing	3,000,000
Environmental (Review Baseline & Scoping Studies)	4,000,000
Pre-feasibility and Other Consulting Studies	3,000,000
Sub-Total	**19,840,000**
Working Capital, Overhead and Administration	6,000,000
Total	**25,840,000**

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22 SIGNATURE PAGE

This report titled "Technical Report on the resource estimate for the Nokomis Deposit on the Nokomis Property, Minnesota, U.S.A." and dated December 10, 2009, was prepared and signed by the following authors:

(Signed & Sealed)

Dated at Toronto, Ontario
December 10, 2009

Christopher Moreton, Ph.D., P.Geo.
Senior Consulting Geologist

(Signed & Sealed)

Dated at Toronto, Ontario
December 10, 2009

Richard E. Routledge, M.Sc., P.Geo.
Senior Consulting Geologist

23 CERTIFICATE OF QUALIFICATIONS

CHRISTOPHER MORETON

I, Christopher Moreton, Ph.D., P. Geo., as an author of this report entitled "Technical Report on the Resource Estimate for the Nokomis Deposit on the Nokomis Property, Minnesota, U.S.A." prepared for Duluth Metals Limited and dated December 10, 2009, do hereby certify that:

1. I am a Senior Consulting Geologist with Scott Wilson Roscoe Postle Associates Inc. of Suite 501, 55 University Ave Toronto, ON, M5J 2H7.

2. I am a graduate of the University of Southampton in 1981 with a B.Sc. degree in Geology, the University of Newfoundland in 1984 with a M.Sc. degree in Earth Sciences and the University of New Brunswick in 1994 with a Ph.D. degree in Geology.

3. I am registered as a Professional Geologist in the provinces of Ontario (Reg.#1229) and New Brunswick (Reg.#M5484). I have worked as a geologist for more than 20 years since my graduation. My relevant experience for the purpose of the Technical Report is:
    - Review and report as a consultant on numerous exploration and mining projects for due diligence and regulatory requirements
    - Experience with Cu-Ni-PGE magmatic sulphide deposits in North America
    - Extensive Gemcom block modelling expertise

4. I have read the definition of "qualified person" set out in National Instrument 43-101 (NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

5. I visited the Nokomis Project on July 14-15, 2009.

6. I am responsible for preparation of all sections of the Technical Report.

7. I am independent of the Issuer applying the test set out in Section 1.4 of NI 43-101.

8. I have had no prior involvement with the property that is the subject of the Technical Report.

9. I have read NI 43-101, and the Technical Report has been prepared in compliance with NI 43-101 and Form 43-101F1.

10. To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 10th day of December, 2009

(Signed & Sealed)

Christopher Moreton, Ph.D., P.Geo

RICHARD E. ROUTLEDGE

I, Richard E. Routledge, M.Sc., P.Geo., as an author of this report entitled "Technical Report on the Resource Estimate for the Nokomis Deposit on the Nokomis Property, Minnesota, U.S.A." prepared for Duluth Metals Limited and dated December 10, 2009, do hereby certify that:

1. I am Consulting Geologist with Scott Wilson Roscoe Postle Associates Inc. of Suite 501, 55 University Ave Toronto, ON, M5J 2H7.

2. I am a graduate of Sir George Williams (now Concordia) University, Montreal, Quebec, Canada in 1971 with a Bachelor of Science degree, Major Geology, and of McGill University, Montreal, Quebec, Canada in 1973 with a Master of Science degree in Applied Mineral Exploration.

3. I am registered as a licensed Professional Geologist in the Northwest Territories, Canada (L744) and as a Practicing Member of the Association of Professional Geoscientists of Ontario (#1354). I have worked as a geologist for a total of 36 years since my graduation. My relevant experience for the purpose of the Technical Report is:
    - Review and report as a consultant on numerous exploration and mining projects around the world for due diligence and regulatory requirements, including:
        - Estimate of the Mineral Resources of the Birch Lake Cu-Ni-PGE-Au deposit, Minnesota, USA.
        - Estimate of Mineral Resources for the Spruce Road Cu-Ni deposit, Minnesota, USA.
        - Resource audit and preliminary assessment for the Birch Lake Cu-Ni-PGE deposit, Duluth Complex, Minnesota.
        - Estimation of the Mineral Resources of the Maturi Cu-Ni-PGE-Au deposit, Minnesota, USA.
        - Resource estimate for B4-7 Ni-Cu-PGE zone, Armstrong, Ontario.
        - Resource estimates for the VW nickel-copper deposit, Armstrong, Ontario.
        - Resource and reserves audits for McCreedy West and Levack nickel and copper mines, Sudbury, Ontario.
        - Resource audit for Onaping Depth Nickel and Copper Deposit, Sudbury, Ontario.
    - Vice President Exploration for a junior mining company in charge of diamond exploration programs in NWT and property evaluations worldwide for a variety of commodities, including gold, base metals, and diamonds.
    - Senior geologist with a major Canadian mining company in charge of evaluation of advanced properties/projects and acquisitions for a broad variety of metals and industrial minerals.
    - Consulting Geologist and Associate of a major Canadian miming and geological consulting firm.

4. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI43-101.

5. I visited the Nokomis Project on May 17 and 18, 2006 and on March 13-15, 2007.

6. I collaborated with Christopher Moreton on Item 17 of the Technical Report.

7. I am independent of the Issuer applying the test set out in Section 1.4 of NI 43-101.

8. Prior involvement with the Nokomis Project includes preparation of resource estimates dating back to 2006, the latest of which was disclosed in a NI 43-101 Technical Report dated July 18, 2008. Earlier reports are listed in Section 21, References.

9. I have read NI 43-101, and the Technical Report has been prepared in compliance with NI 43-101 and Form 43-101F1.

10. To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated this 10th day of December, 2009

(Signed & Sealed)

Richard E. Routledge, M.Sc., P.Geo.

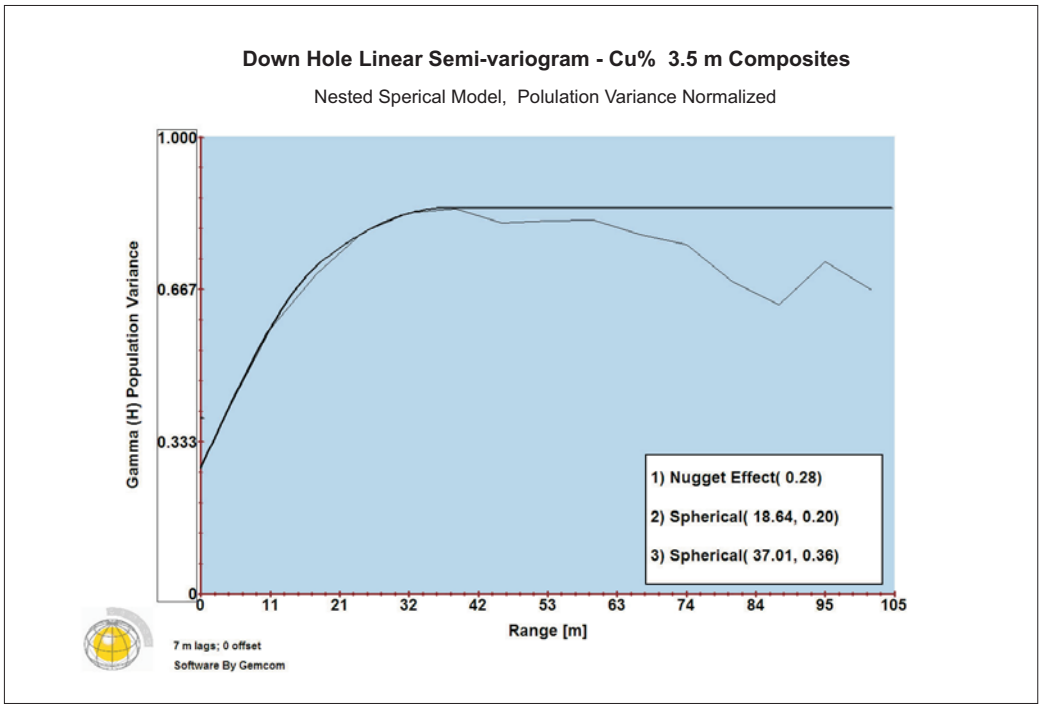
24 ADDITIONAL REQUIREMENTS

Not applicable to the Nokomis Property at this time.

25 APPENDICES

APPENDIX A

Downhole linear semi-variograms were created for both copper and nickel to determine the nugget effect. In addition, 3-D semi-variograms were created to assess global grade continuity (Figures 25-1 to 25-4).



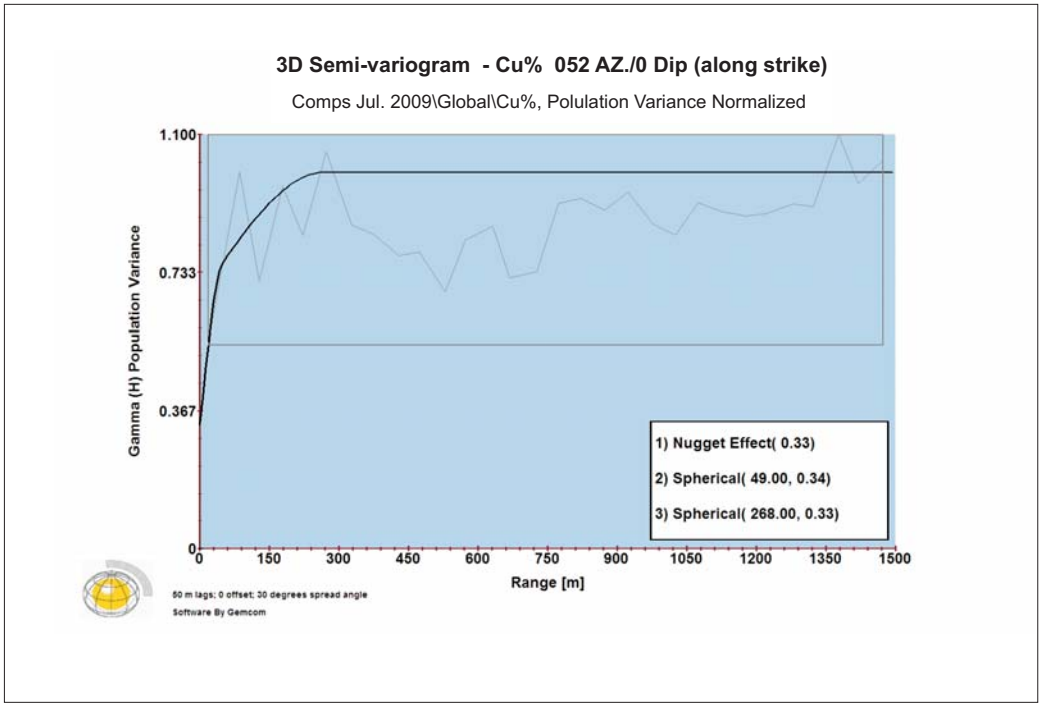


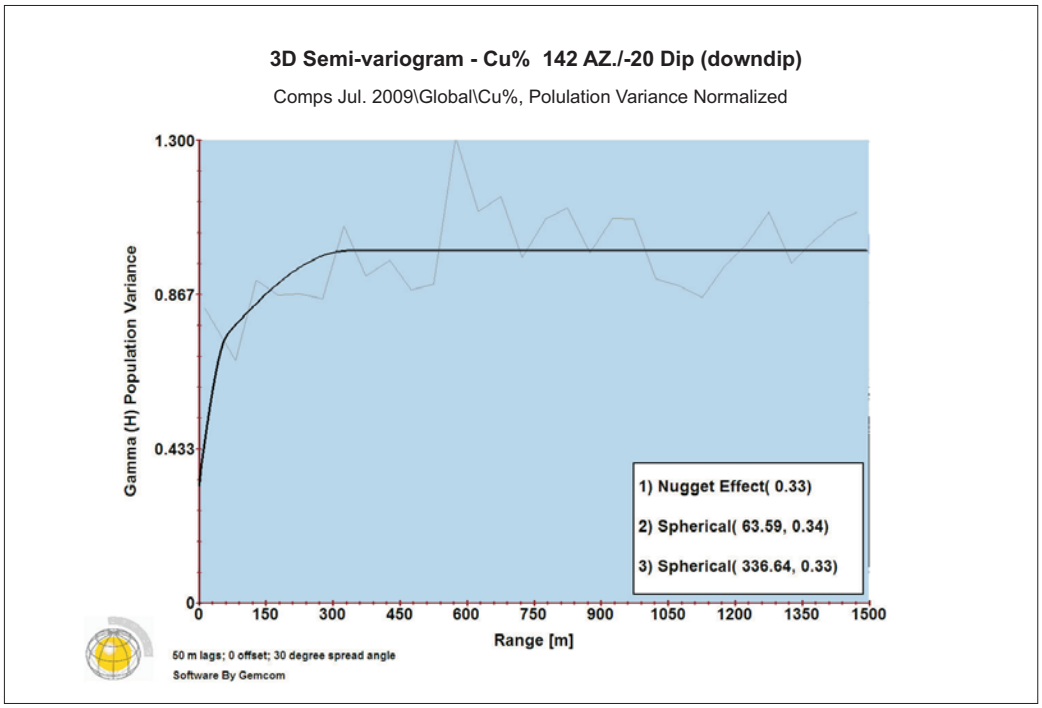
Figure 25-1

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Cu Variography

December 2009



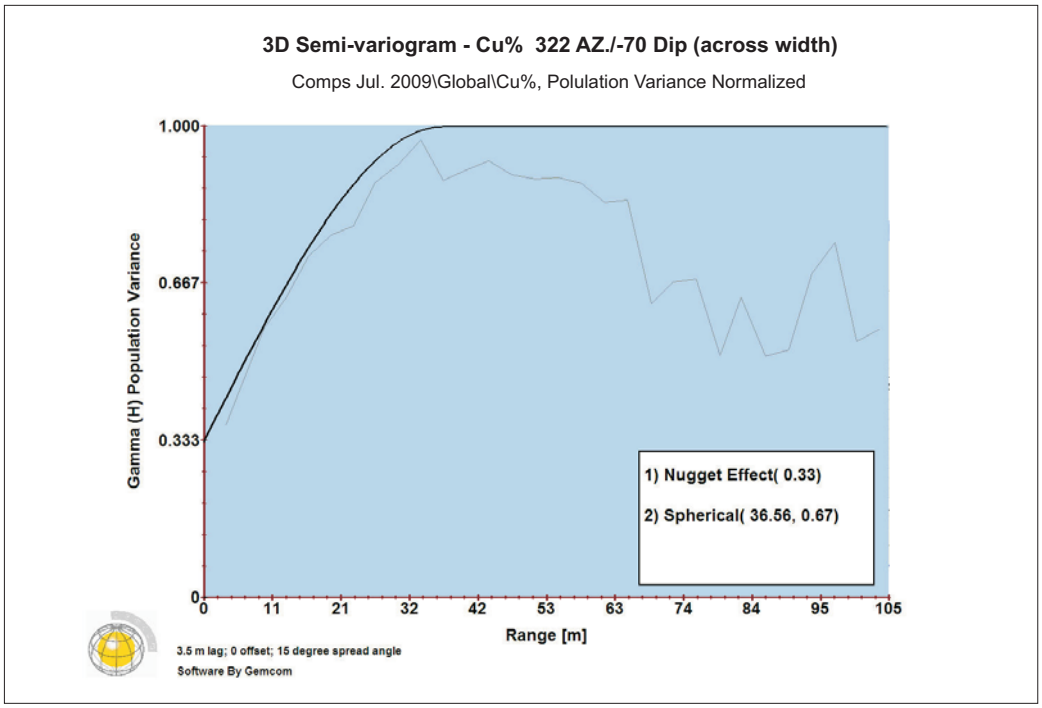


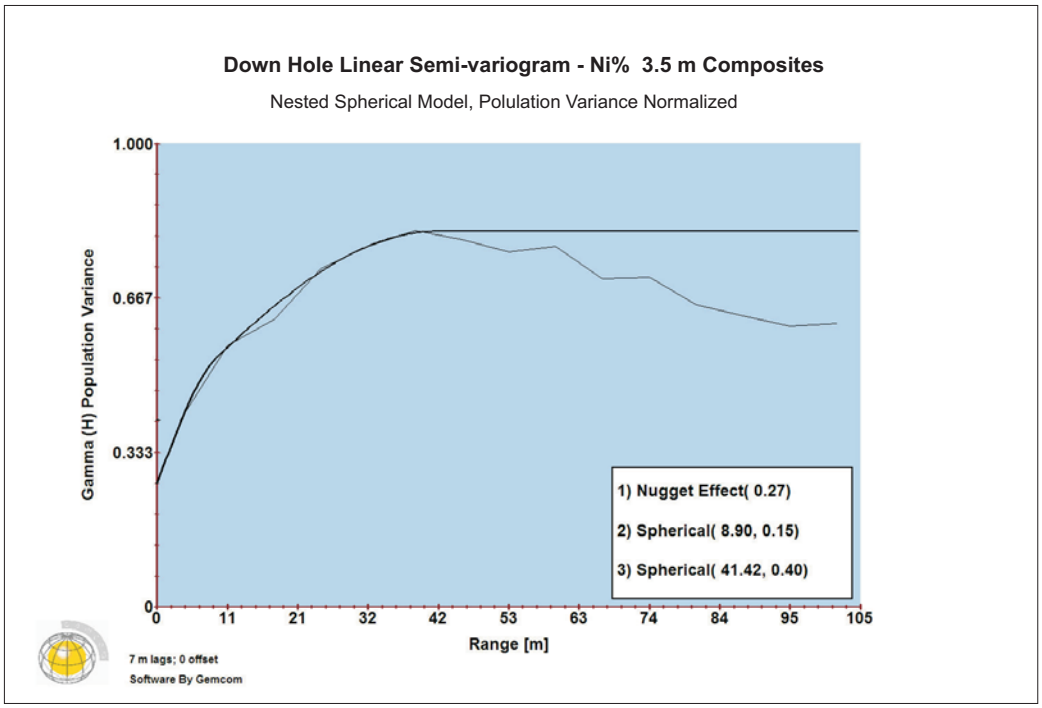
Figure 25-2

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Cu Variography

December 2009



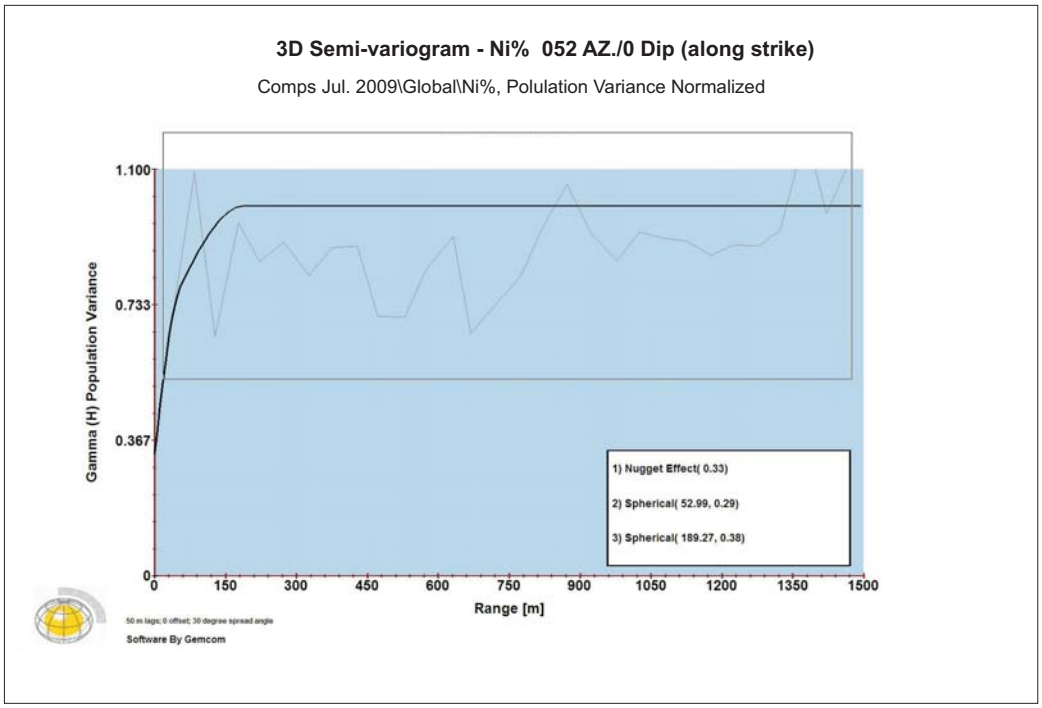


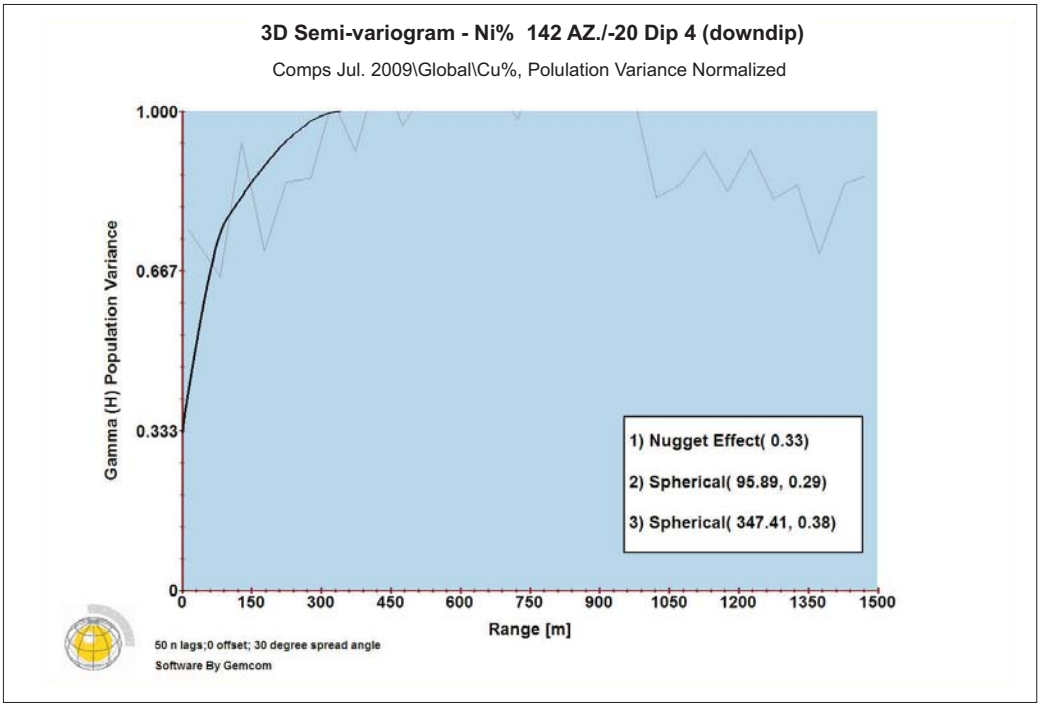
Figure 25-3

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Ni Variography

December 2009



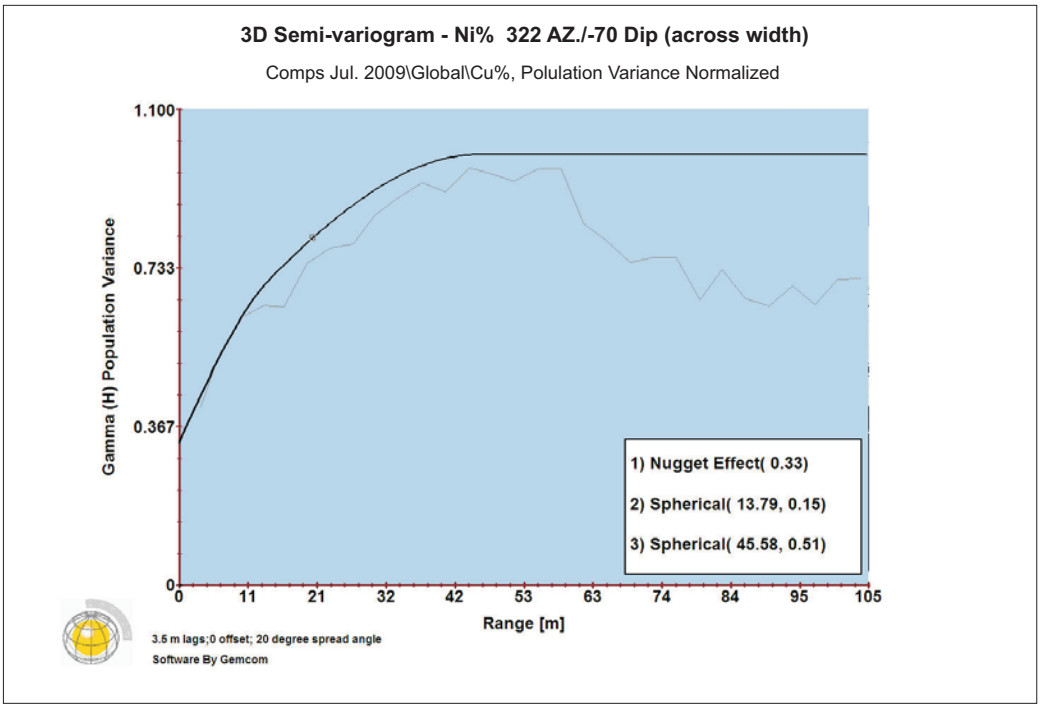


Figure 25-4

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.

Ni Variography

December 2009

APPENDIX B

HIGHER-GRADE AREAS

Six areas of higher-grade mineralization within the larger global resource have been manually defined within the 1% CuEq Nokomis wireframe (Figures 25-5 and 25-6). Three of these areas, which are informally termed the Eastern, Central and Western Areas, represent regions of more or less contiguous blocks above a nominal cut-off grade of 0.7% Cu. Table 25-1 shows the cumulative Inferred and Indicated Resources for these three areas. Tables 25-2 and 25-3 show the Indicated and Inferred Resources, respectively, for each area.

In addition, three other higher-grade areas have been defined using the same criteria. These areas are called Areas A, B and C. Table 25-4 shows the Indicated Resources for Areas A, B and C, and Table 25-5 shows the Inferred Resources for Areas B and C. Note that Area A has no Inferred Resources.

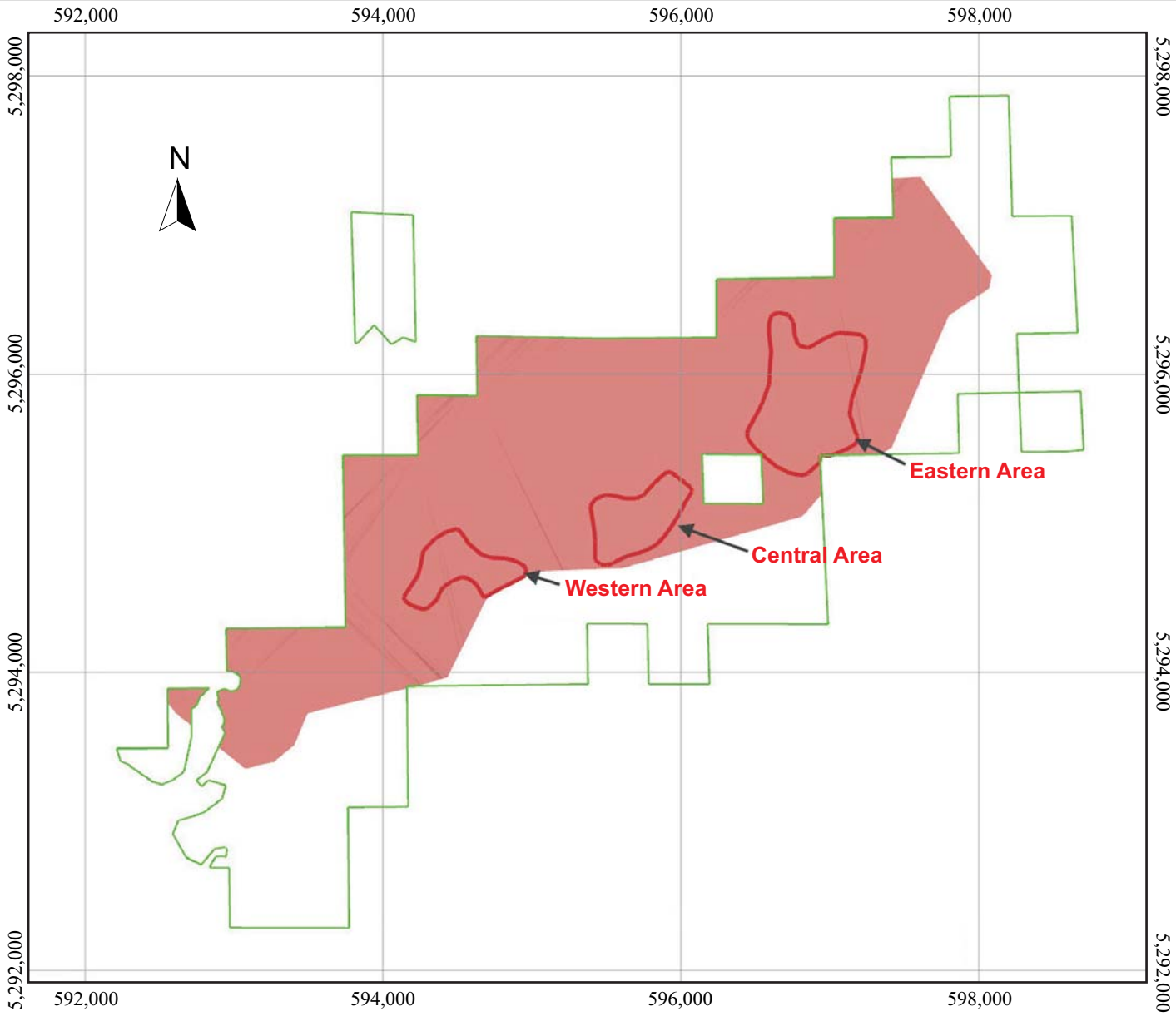


Figure 25-5

Duluth Metals Limited

Nokomis Project

Minnesota, U.S.A.

Eastern, Western and Central Higher-grade Areas

December 2009

TABLE 25-1 RESOURCE ESTIMATES FOR THE COMBINED EASTERN, CENTRAL AND WESTERN HIGHER-GRADE AREAS, AS OF OCTOBER 6, 2009

Duluth Metals Limited - Nokomis Deposit, Main Zone Minnesota

Indicated Resources

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**91,548**	**0.754**	**0.213**	**0.010**	**0.137**	**0.272**	**0.614**	**1.023**	**1.80**
0.5% Cu	90,419	0.757	0.213	0.010	0.138	0.273	0.617	1.028	1.81
0.6% Cu	81,234	0.780	0.218	0.010	0.140	0.283	0.639	1.062	1.86
0.7% Cu	57,758	0.832	0.228	0.010	0.148	0.305	0.682	1.135	1.97
0.8% Cu	32,404	0.899	0.237	0.010	0.158	0.326	0.728	1.212	2.10

Inferred Resources

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**22,082**	**0.76**	**0.216**	**0.010**	**0.126**	**0.272**	**0.607**	**1.005**	**1.81**
0.5% Cu	21,894	0.763	0.216	0.101	0.126	0.273	0.610	1.009	1.82
0.6% Cu	20,101	0.780	0.220	0.010	0.130	0.284	0.629	1.043	1.86
0.7% Cu	15,440	0.817	0.229	0.011	0.134	0.305	0.660	1.099	1.95
0.8% Cu	8,431	0.868	0.237	0.011	0.139	0.331	0.696	1.166	2.05

Notes:

1. CIM definitions were followed for Mineral Resource estimation and classification.
2. Mineral Resources are estimated at a zone definition (wireframe) cut-off grade of approximately 1.0% Cu equivalent grade (CuEq).
3. The approximately 1.0% CuEq cut-off grade includes all material in the wireframe zones.
4. Bulk density is 3.01 t/m3.
5. Resources were estimated to a maximum depth of approximately 1,350 m.
6. CuEq% is based on Net Smelter Return factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008.
7. Metal Prices used were $1.75/lb Cu, $7.00/lb Ni, $10.00/lb Co, $600/oz Au, $1100/oz Pt and $350/oz Pd.
8. CuEq% = Cu% + 3.03 x Ni% + 0.63 x Co% + 0.30 x Au g/t + 0.76 x Pt g/t + 0.24 x Pd g/t based on expected metal prices and process recovery and refining charges.
9. TPM is Au g/t + Pt g/t + Pd g/t.
10. Co, Au, Pt, Pd grades that are lacking in historic drill holes have been entered in the resource database based on regression of assay grades from DML drill hole assays.

TABLE 25-2 INDICATED RESOURCE ESTIMATES FOR EACH HIGHER-GRADE AREA, AS OF OCTOBER 6, 2009
Duluth Metals Limited - Nokomis Deposit, Main Zone Minnesota

Indicated Resources – Central

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**13,298**	**0.829**	**0.217**	**0.010**	**0.134**	**0.305**	**0.621**	**1.060**	**1.91**
0.5% Cu	13,298	0.829	0.217	0.010	0.134	0.305	0.621	1.060	1.91
0.6% Cu	13,166	0.831	0.218	0.010	0.135	0.306	0.623	1.064	1.92
0.7% Cu	11,972	0.848	0.220	0.010	0.137	0.314	0.633	1.084	1.95
0.8% Cu	8,629	0.888	0.221	0.010	0.140	0.321	0.637	1.098	2.00

Indicated Resources – Eastern

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**62,509**	**0.750**	**0.214**	**0.010**	**0.146**	**0.282**	**0.651**	**1.079**	**1.82**
0.5% Cu	61,514	0.754	0.215	0.010	0.146	0.284	0.656	1.086	1.83
0.6% Cu	56,110	0.773	0.219	0.010	0.147	0.291	0.674	1.112	1.87
0.7% Cu	40,330	0.820	0.229	0.010	0.154	0.310	0.716	1.180	1.97
0.8% Cu	21,341	0.884	0.240	0.010	0.169	0.334	0.784	1.287	2.11

Indicated Resources – Western

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**15,740**	**0.707**	**0.203**	**0.010**	**0.106**	**0.203**	**0.456**	**0.765**	**1.63**
0.5% Cu	15,607	0.709	0.204	0.010	0.106	0.203	0.457	0.767	1.63
0.6% Cu	11,958	0.754	0.213	0.010	0.115	0.221	0.489	0.825	1.73
0.7% Cu	5,426	0.887	0.245	0.011	0.128	0.256	0.55	0.918	2.00
0.8% Cu	2,434	1.072	0.270	0.012	0.131	0.271	0.552	0.954	2.28

Notes:

1. CIM definitions were followed for Mineral Resource estimation and classification.
2. Mineral Resources are estimated at a zone definition (wireframe) cut-off grade of approximately 1.0% Cu equivalent grade (CuEq).
3. The approximately 1.0% CuEq cut-off grade includes all material in the wireframe zones.
4. Bulk density is 3.01 t/m3.
5. Resources were estimated to a maximum depth of approximately 1,350 m.
6. CuEq% is based on Net Smelter Return factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008.
7. Metal Prices used were $1.75/lb Cu, $7.00/lb Ni, $10.00/lb Co, $600/oz Au, $1100/oz Pt and $350/oz Pd.
8. CuEq% = Cu% + 3.03 x Ni% + 0.63 x Co% + 0.30 x Au g/t + 0.76 x Pt g/t + 0.24 x Pd g/t based on expected metal prices and process recovery and refining charges.
9. TPM is Au g/t + Pt g/t + Pd g/t.
10. Co, Au, Pt, Pd grades that are lacking in historic drill holes have been entered in the resource database based on regression of assay grades from DML drill hole assays.

TABLE 25-3 INFERRED RESOURCE ESTIMATES FOR EACH HIGHER-GRADE AREA, AS OF OCTOBER 6, 2009
Duluth Metals Limited - Nokomis Deposit, Main Zone Minnesota

Inferred Resources – Central

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**8,502**	**0.819**	**0.225**	**0.011**	**0.130**	**0.320**	**0.657**	**1.107**	**1.95**
0.5% Cu	8,439	0.821	0.225	0.011	0.130	0.321	0.659	1.110	1.95
0.6% Cu	8,394	0.823	0.225	0.011	0.131	0.322	0.660	1.113	1.95
0.7% Cu	7,510	0.841	0.229	0.011	0.133	0.335	0.683	1.150	2.00
0.8% Cu	5,843	0.864	0.234	0.011	0.134	0.342	0.694	1.169	2.05

Inferred Resources – Eastern

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**7,939**	**0.731**	**0.213**	**0.010**	**0.131**	**0.272**	**0.634**	**1.037**	**1.78**
0.5% Cu	7,813	0.736	0.214	0.010	0.132	0.275	0.641	1.048	1.79
0.6% Cu	6,770	0.761	0.215	0.010	0.139	0.291	0.677	1.107	1.85
0.7% Cu	4,705	0.805	0.225	0.010	0.143	0.307	0.695	1.145	1.94
0.8% Cu	1,786	0.886	0.242	0.011	0.157	0.333	0.754	1.244	2.11

Inferred Resources – Western

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	**5,642**	**0.714**	**0.208**	**0.010**	**0.112**	**0.200**	**0.494**	**0.806**	**1.65**
0.5% Cu	5,642	0.714	0.208	0.010	0.112	0.200	0.494	0.806	1.65
0.6% Cu	4,936	0.734	0.218	0.010	0.115	0.208	0.508	0.831	1.71
0.7% Cu	3,225	0.779	0.235	0.011	0.126	0.231	0.554	0.911	1.84
0.8% Cu	802	0.855	0.247	0.011	0.134	0.250	0.583	0.967	1.98

Notes:

1. CIM definitions were followed for Mineral Resource estimation and classification.
2. Mineral Resources are estimated at a zone definition (wireframe) cut-off grade of approximately 1.0% Cu equivalent grade (CuEq).
3. The approximately 1.0% CuEq cut-off grade includes all material in the wireframe zones.
4. Bulk density is 3.01 t/m3.
5. Resources were estimated to a maximum depth of approximately 1,350 m.
6. CuEq% is based on Net Smelter Return factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008.
7. Metal Prices used were $1.75/lb Cu, $7.00/lb Ni, $10.00/lb Co, $600/oz Au, $1100/oz Pt and $350/oz Pd.
8. CuEq% = Cu% + 3.03 x Ni% + 0.63 x Co% + 0.30 x Au g/t + 0.76 x Pt g/t + 0.24 x Pd g/t based on expected metal prices and process recovery and refining charges.
9. TPM is Au g/t + Pt g/t + Pd g/t.
10. Co, Au, Pt, Pd grades that are lacking in historic drill holes have been entered in the resource database based on regression of assay grades from DML drill hole assays.

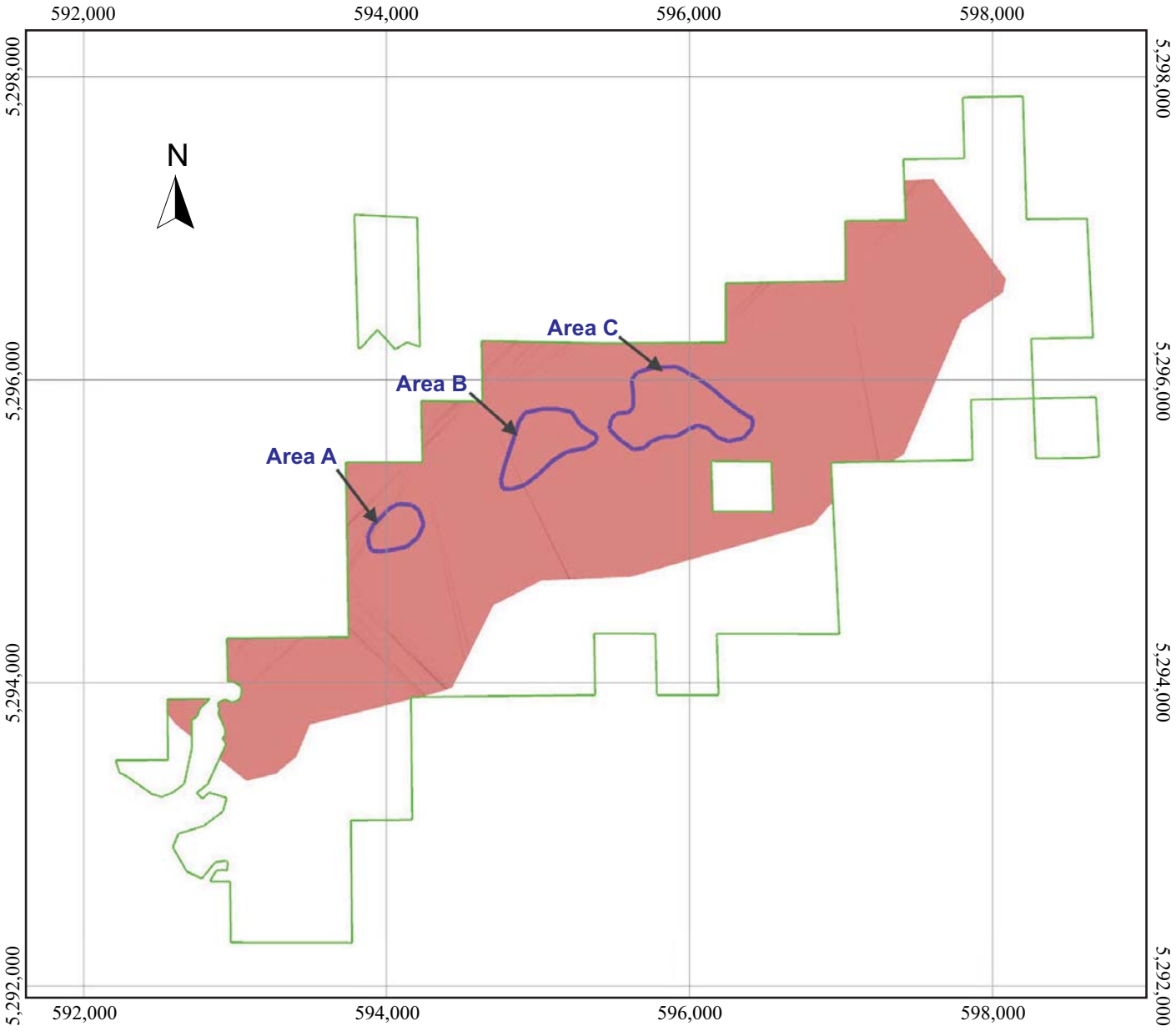


Figure 25-6

Duluth Metals Limited

Nokomis Project
Minnesota, U.S.A.
Higher-grade Areas A, B, and C

December 2009

TABLE 25-4 INDICATED RESOURCE ESTIMATES FOR HIGHER-GRADE AREAS A, B AND C, AS OF OCTOBER 6, 2009
Duluth Metals Limited - Nokomis Deposit, Main Zone Minnesota

Indicated Resources – Area A

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	11,261	0.768	0.257	0.011	0.103	0.171	0.405	0.679	1.81
0.5% Cu	11,058	0.774	0.258	0.011	0.103	0.172	0.407	0.683	1.82
0.6% Cu	10,211	0.792	0.261	0.011	0.106	0.178	0.420	0.703	1.86
0.7% Cu	8,045	0.828	0.267	0.011	0.114	0.191	0.451	0.757	1.93
0.8% Cu	4,398	0.900	0.279	0.011	0.129	0.222	0.517	0.868	2.08

Indicated Resources – Area B

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	17,058	0.720	0.249	0.011	0.100	0.200	0.428	0.729	1.77
0.5% Cu	17,058	0.720	0.249	0.011	0.100	0.200	0.428	0.729	1.77
0.6% Cu	16,451	0.726	0.250	0.011	0.102	0.201	0.433	0.736	1.78
0.7% Cu	9,517	0.769	0.258	0.011	0.101	0.203	0.433	0.737	1.85
0.8% Cu	2,105	0.860	0.284	0.012	0.102	0.223	0.461	0.786	2.04

Indicated Resources – Area C

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	19,318	0.698	0.208	0.010	0.129	0.247	0.565	0.940	1.70
0.5% Cu	19,243	0.699	0.208	0.010	0.129	0.247	0.566	0.942	1.70
0.6% Cu	16,519	0.718	0.212	0.010	0.134	0.254	0.587	0.974	1.74
0.7% Cu	9,325	0.772	0.224	0.010	0.150	0.294	0.682	1.127	1.89
0.8% Cu	2,726	0.846	0.232	0.011	0.173	0.357	0.822	1.351	2.08

Indicated Resources – Combined A, B and C

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	47,637	0.722	0.234	0.010	0.112	0.212	0.478	0.803	1.75

Notes:

1. CIM definitions were followed for Mineral Resource estimation and classification.
2. Mineral Resources are estimated at a zone definition (wireframe) cut-off grade of approximately 1.0% Cu equivalent grade (CuEq).
3. The approximately 1.0% CuEq cut-off grade includes all material in the wireframe zones.
4. Bulk density is 3.01 t/m3.
5. Resources were estimated to a maximum depth of approximately 1,350 m.
6. CuEq% is based on Net Smelter Return factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008.
7. Metal Prices used were $1.75/lb Cu, $7.00/lb Ni, $10.00/lb Co, $600/oz Au, $1100/oz Pt and $350/oz Pd.
8. CuEq% = Cu% + 3.03 x Ni% + 0.63 x Co% + 0.30 x Au g/t + 0.76 x Pt g/t + 0.24 x Pd g/t based on expected metal prices and process recovery and refining charges.
9. TPM is Au g/t + Pt g/t + Pd g/t.
10. Co, Au, Pt, Pd grades that are lacking in historic drill holes have been entered in the resource database based on regression of assay grades from DML drill hole assays.

TABLE 25-5 INFERRED RESOURCE ESTIMATES FOR HIGHER-GRADE AREAS B AND C, AS OF OCTOBER 6, 2009

Duluth Metals Limited - Nokomis Deposit, Main Zone Minnesota

Inferred Resources – Area B

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	1,169	0.724	0.261	0.010	0.134	0.241	0.553	0.928	1.88
0.5% Cu	1,169	0.724	0.261	0.010	0.134	0.241	0.553	0.928	1.88
0.6% Cu	1,169	0.724	0.261	0.010	0.134	0.241	0.553	0.928	1.88
0.7% Cu	734	0.750	0.263	0.010	0.139	0.242	0.55	0.932	1.91
0.8% Cu	151	0.818	0.263	0.010	0.159	0.253	0.557	0.969	1.99

Inferred Resources – Area C

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	10,567	0.676	0.198	0.010	0.132	0.263	0.583	0.978	1.66
0.5% Cu	10,308	0.681	0.198	0.010	0.133	0.265	0.589	0.988	1.67
0.6% Cu	9,141	0.695	0.201	0.010	0.138	0.276	0.612	1.025	1.71
0.7% Cu	3,323	0.767	0.212	0.011	0.157	0.309	0.715	1.182	1.87
0.8% Cu	862	0.848	0.214	0.010	0.169	0.336	0.77	1.275	1.99

Inferred Resources – Combined Areas B and C

Cut-off grade	Tonnes (000s)	Cu %	Ni %	Co %	Au g/t	Pt g/t	Pd g/t	TPM g/t	CuEq %
1.0% CuEq	11,737	0.681	0.204	0.010	0.132	0.26	0.58	0.973	1.68

Notes:

1. CIM definitions were followed for Mineral Resource estimation and classification.
2. Mineral Resources are estimated at a zone definition (wireframe) cut-off grade of approximately 1.0% Cu equivalent grade (CuEq).
3. The approximately 1.0% CuEq cut-off grade includes all material in the wireframe zones.
4. Bulk density is 3.01 t/m3.
5. Resources were estimated to a maximum depth of approximately 1,350 m.
6. CuEq% is based on Net Smelter Return factors as determined for the Preliminary Assessment by Scott Wilson RPA dated January 18, 2008.
7. Metal Prices used were $1.75/lb Cu, $7.00/lb Ni, $10.00/lb Co, $600/oz Au, $1100/oz Pt and $350/oz Pd.
8. CuEq% = Cu% + 3.03 x Ni% + 0.63 x Co% + 0.30 x Au g/t + 0.76 x Pt g/t + 0.24 x Pd g/t based on expected metal prices and process recovery and refining charges.
9. TPM is Au g/t + Pt g/t + Pd g/t.
10. Co, Au, Pt, Pd grades that are lacking in historic drill holes have been entered in the resource database based on regression of assay grades from DML drill hole assays.