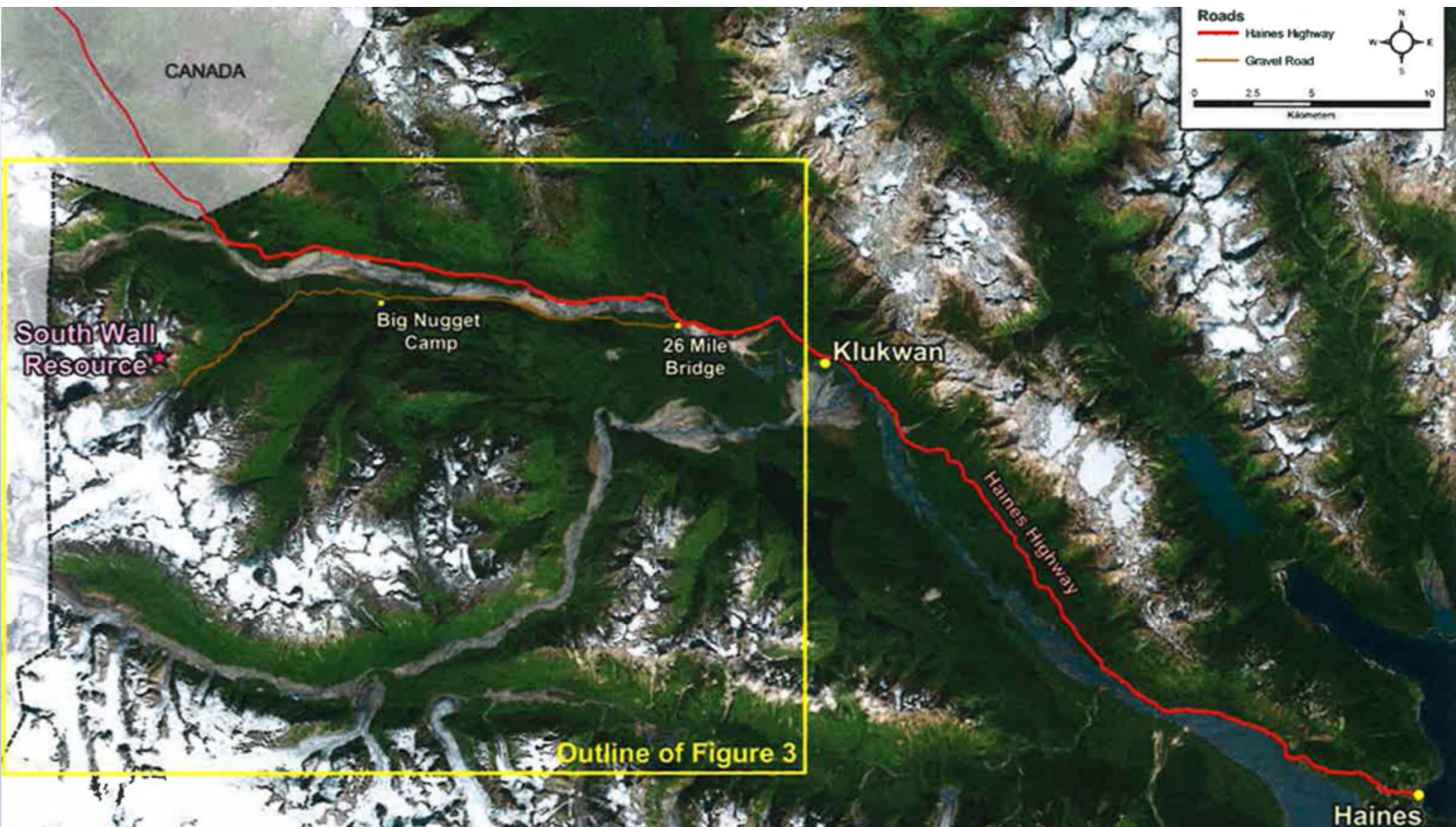


# Palmer Project Federal Claim Encumbrance

1/29/2020 RMC









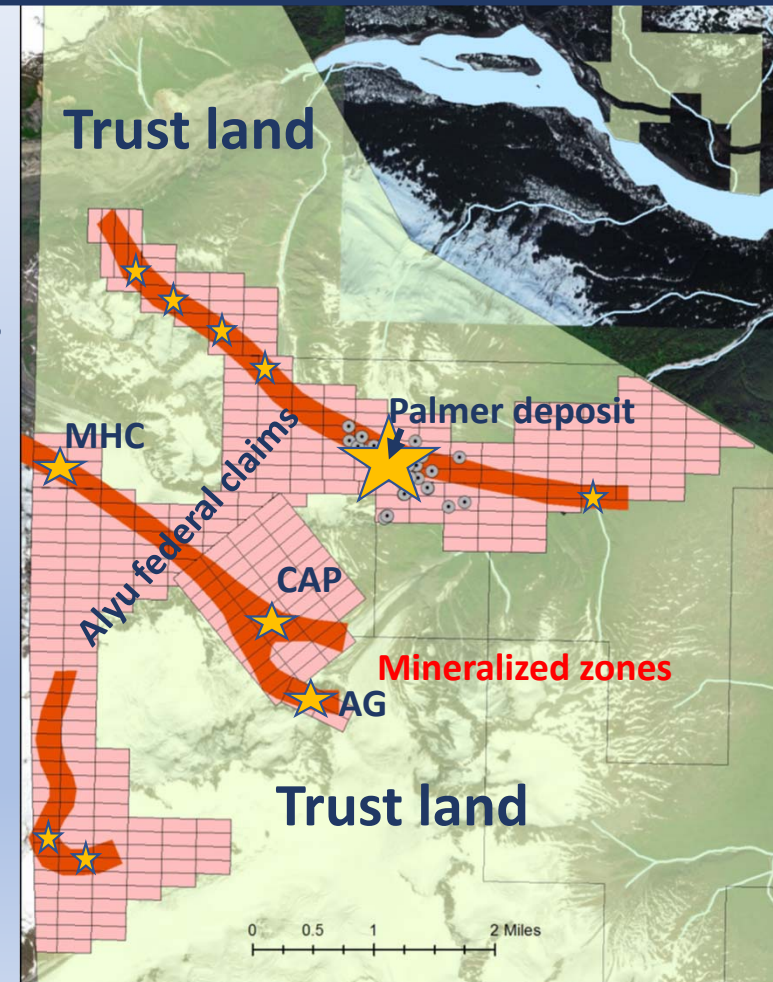
# Palmer Claims

## Status

- 340 unpatented federal mining claims owned by Alyu Mining (Merrill Palmer group), leased to Constantine Metal Resources
- Constantine is actively exploring the federal mining claims
- Federal claim owners are entitled to 2.5% Net Smelter Return Royalty

## Options

- Removing the federal claims and converting the federal land to Trust owned land consolidates the entire project under single land owner
- Purchase right to extinguish federal mining claims
- Removal of federal claims extinguishes extralateral rights



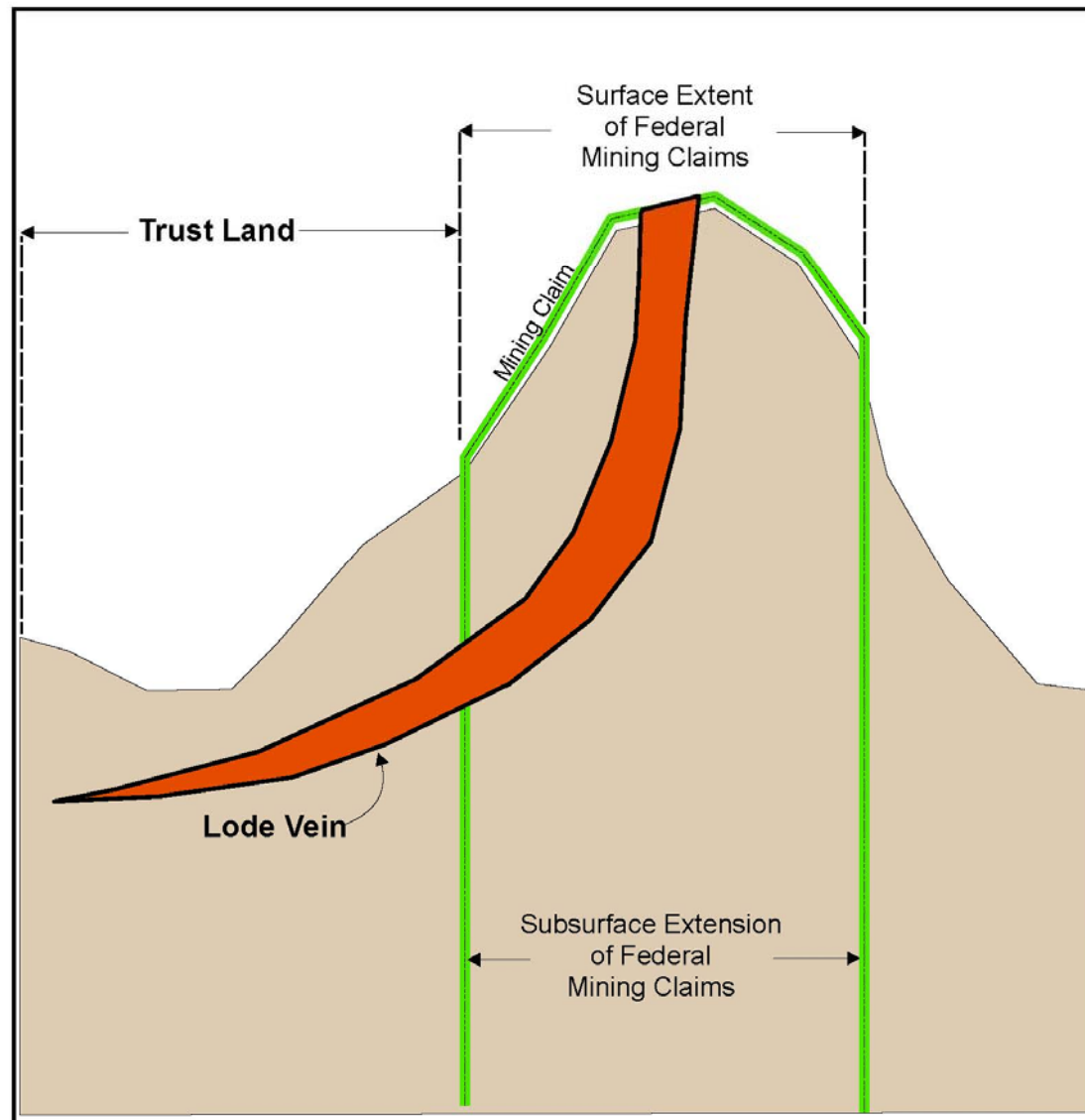
# Extralateral Rights

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- Authority under Federal Mining Law
- The federal claim holder can follow the load even across ownership boundaries and no royalty can be collected by other land owners
- The highest exposure of load creates the apex right
- Palmer's claims were staked at tops of mountains
- Extinguishes the royalty rights on Trust land surrounding the federal claims if connected to original load apex right

### Extralateral Right

Is a principle under mining law where a miner has a right to claim on public land to mine veins whose tips are present on the surface of the claim even though the veins extend under the surface outside of the claim. Extralateral right is also known as apex rule or intraliminal right.



# Palmer Deposit Economic Model

Input data: NI43-101 Resource Estimate dated September 27, 2018

## Indicated resource estimate (t): 4.7 Mt

- Zn grade(%): 5.23
- Cu grade (%): 1.49
- Ag grade (g/t): 30.8
- Au grade (g/t): 0.30
- Barite (%): 23.9

## Inferred resource estimate (t): 5.3 Mt

- Zn grade(%): 5.20
- Cu grade (%): 0.96
- Ag grade (g/t): 29.2
- Au grade (g/t): 0.28
- Barite (%): 22.0

## Recovery

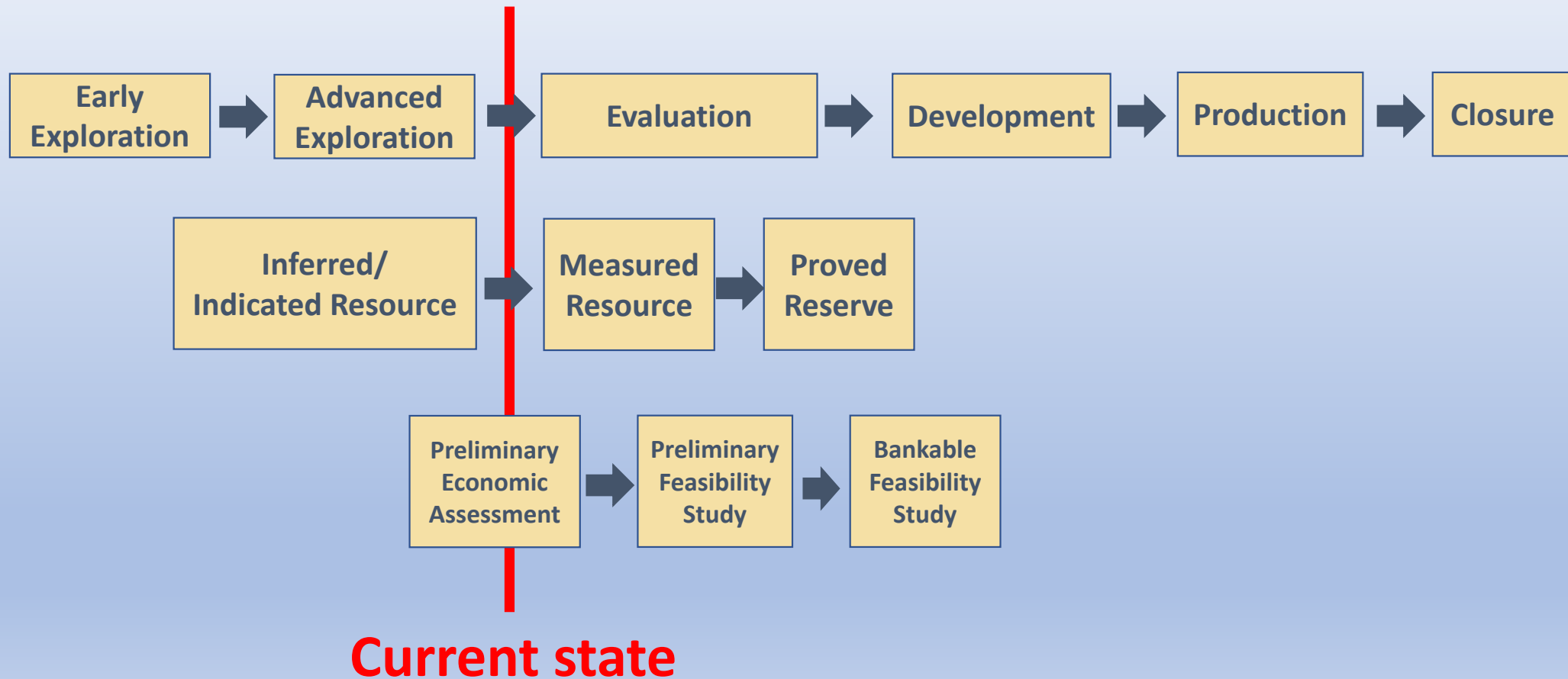
- Zn (%): 93.1
- Cu (%): 89.6
- Ag (%): 90.9
- Au (%): 69.6
- Barite (%): 91.1

## Commodity prices

- Zn (\$/lb): 1.15
- Cu (\$/lb): 3.00
- Ag (\$/toz): 16.00
- Au (\$/toz): 1,250.00
- Barite \$/t): 80

**Assumption: Operating life  
time of hypothetical mine is 12  
years, starting in 2024**

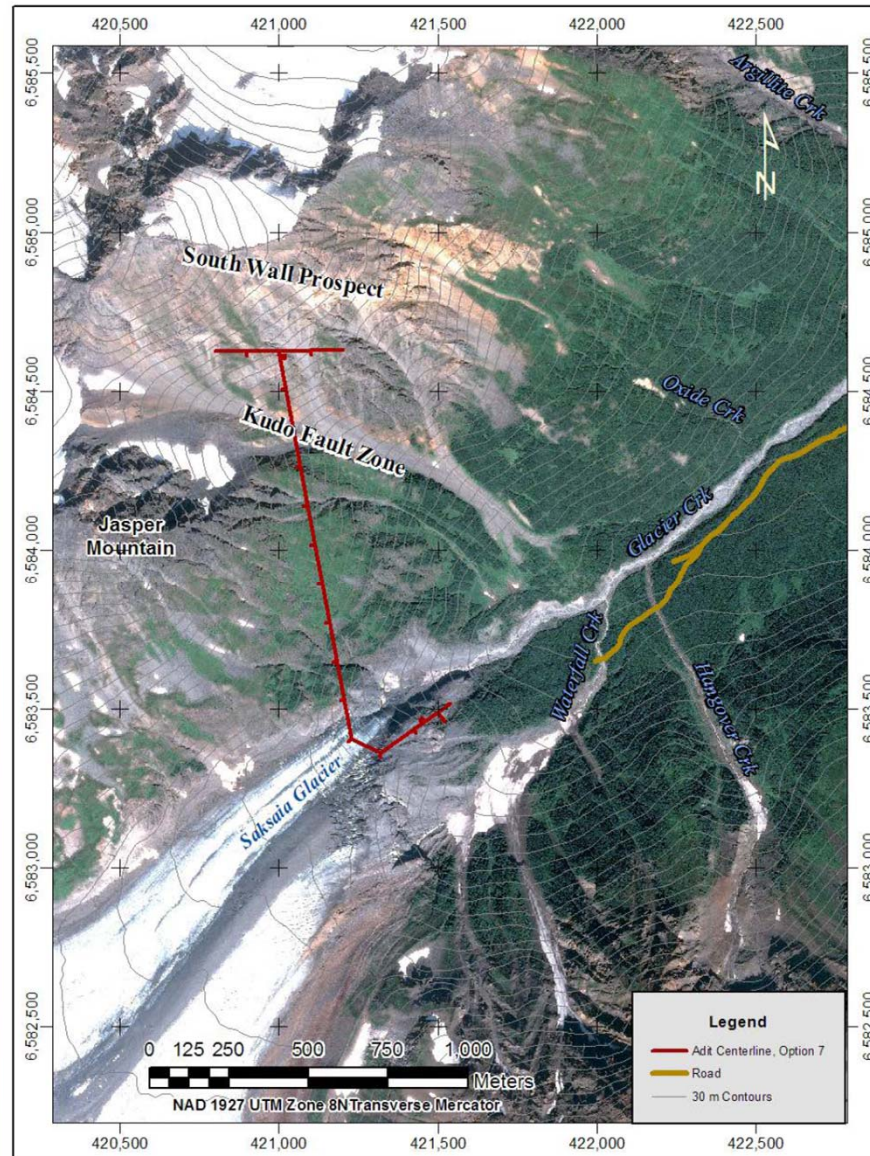
# Stage of Exploration & Development for Palmer Project



# Phase 2 Underground Exploration

- Begin underground tunnel to reach under the Southwall to provide better access to resource drilling
- Includes drilling under glacier
- Portal on Trust land
- Includes plans for water disposal and treatment
- Includes groundwork and road building
- TLO has already approved the Phase 2 Plan of Operations
- DNR approved Reclamation Plan
- DEC approved the Waste Management Permit





# Current Issues

## Litigation

- SEACC/CIV/LCC/RB Litigation v. BLM

## Future Underground Exploration

- TLO approved Plan of Operations
- DEC remanded Waste Management Permit for additional consideration (permit still in effect)
- Maui Litigation may influence whether an APDES permit is required
- Could start this summer or following summer

## Financing

- Underground exploration has not yet been financed

## Potential Buyout of federal mining claims

# Move to Executive Session

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**Discuss confidential financial and negotiation matters**