

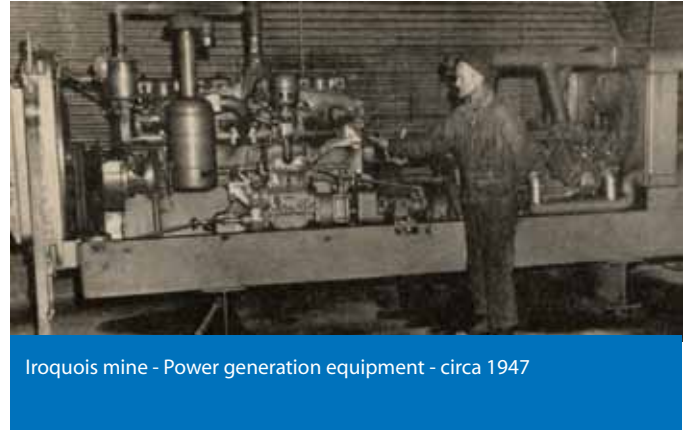
# Operations: Montanore Silver-Copper Project Overview

## THE MONTANORE'S WORLD CLASS LOCATION

The U.S.-based Montanore Silver-Copper Project is located in a world-class district rich with silver, copper, lead and zinc, and the site of significant historical production spanning more than 100 years.

The North Idaho Silver District is part of the regional geologic feature known as the Belt Supergroup Basin, and host to the prolific Revett and St. Regis formations which have collectively produced more than 1 Billion ounces of silver.

The region is the location of long lived mines including the Lucky Friday, Gold Hunter, Galena, and Troy mines, which are currently in produc-



Iroquois mine - Power generation equipment - circa 1947

tion, as well as other famous mines including the Sunshine, Bunker Hill, and Coeur mines, which no longer are in operation.

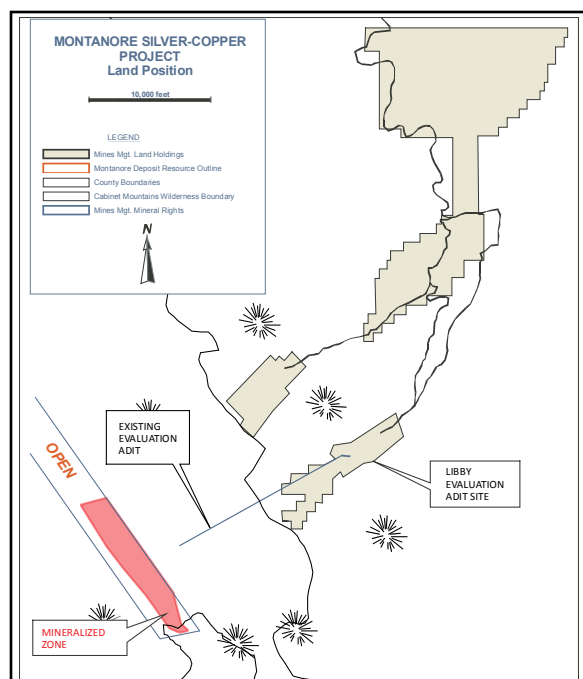
Collectively, the region has been the location of more than 2 billion ounces of silver discovered.

The Montanore is located in the northern area of this region, and contains a mineral resource of more than 230 million ounces of silver and 1.7 billion pounds of copper, in the measured, indicated, and inferred categories.



The Montanore Project is located in a geologic region prolific for silver, with more than 1 billion ounces produced in 100 yrs.

# Operations: Montanore Silver-Copper Project Technical Information



The Montanore is an advanced stage exploration project with a recently completed NI 43-101 compliant PEA.

## PRELIMINARY ECONOMIC ASSESSMENT \*

### HIGHLIGHTS

#### Project Parameters:

Nominal Processing Rate	12,500 short tons per day
Average Silver Grade	1.88 ounces per short ton
Average Copper Grade	0.72 %
Silver Recovery	86 %
Copper Recovery	90 %
Avg. Annual Silver Production	6.4 million ounces
Avg. Annual Copper Production	51.1 million pounds

#### Project Economics:

Net Present Value (NPV)	\$ 485.6 million (1)
Long-term Silver price	\$15.00 per ounce
Long-term Copper price	\$3.10 per pound
Discount rate	5.0%
Internal Rate of Return (IRR)	17.4 %
Est. Initial Capital Expenditure	\$ 552.3 million
Capital Cost Contingency	20%
Est. Direct (Onsite) Operating costs	\$ 22.31 per short ton
Est. Direct (Onsite) Operating costs (AgEq in plant feed)	\$ 4.58 per ounce AgEq
Est. Life of Mine	15 years
Net Undiscounted LOM Cash-flow (pre-tax)	\$1.118 billion

(1) Includes Measured, Indicated and Inferred Resources; \$234.3 million NPV if included only Measured and Indicated Resources, or Mineralized Material.

\* SOURCE: "Technical Report: Preliminary Economic Assessment, Montanore Project, Montana, USA prepared for Mines Management, Inc." dated February 3, 2011, in compliance with guidelines under Canadian National Instrument 43-101 ("NI 43-101"). The Company announced the PEA results on December 22, 2010, by Mine & Quarry Engineering Svcs. (MQES).

### MONTANORE ESTIMATED RESOURCE \*

Category	Tonnage	Silver Grade (opt)	Copper Grade (%)	Total Silver (oz)	Total Copper (lbs)	Cutoff Grade (opt)
<i>In conformance with U.S. SEC Industry Guide-7</i>						
<b>Mineralized Material</b>	<b>81,506,000</b>	<b>2.04</b>	<b>0.75%</b>	<b>166,303,000</b>	<b>1,227,982,000</b>	<b>1.0</b>
<i>In conformance with Canadian National Instrument 43-101</i>						
<b>Measured</b>	<b>4,026,000</b>	<b>1.85</b>	<b>0.74%</b>	<b>7,463,000</b>	<b>59,712,000</b>	<b>1.0</b>
<b>Indicated</b>	<b>77,480,000</b>	<b>2.05</b>	<b>0.75%</b>	<b>158,840,000</b>	<b>1,168,270,000</b>	<b>1.0</b>
<b>Inferred</b>	<b>35,080,000</b>	<b>1.85</b>	<b>0.71%</b>	<b>65,060,000</b>	<b>497,520,000</b>	<b>1.0</b>
<b>Total / average</b>	<b>116,586,000</b>	<b>1.98</b>	<b>0.74%</b>	<b>231,363,000</b>	<b>1,725,502,000</b>	<b>1.0</b>

#### CAUTIONARY STATEMENTS

**Cautionary Note to U.S. Investors concerning estimates of Measured, Indicated and Inferred Resources and Contained Ounces:** The table above uses the terms "Measured Resources," "Indicated Resources" and "Inferred Resources." We advise U.S. investors that while these terms are defined in and required by Canadian regulations, these terms are not defined terms under the U.S. Securities and Exchange Commission ("SEC") Industry Guide 7 and are generally not permitted to be used in reports and registration statements filed with the SEC. "Inferred Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or prefeasibility studies, except in rare cases. U.S. investors are cautioned not to assume that any part of an inferred resources exists or is economically or legally minable.

In addition, the SEC generally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant "reserves" as in-place tonnage and grade without reference to unit measures. U.S. investors are therefore cautioned that the presentation of contained silver ounces and contained copper pounds used in the table above is not permitted under the rules of the SEC.

Non-Reserves Reported in Canada - In accordance with Canada's National Instrument 43-101, the estimate of resources at the Montanore deposit as set forth in the table, was prepared by MDA, Steven Ristorcelli, C.P.G., and David C. Fitch, C.P.G., acting on behalf of MDA, are the qualified persons under Canada's NI 43-101 for the resource estimate. The technical report containing the estimate can be accessed in its entirety at [www.sedar.com](http://www.sedar.com).

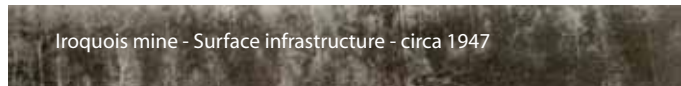
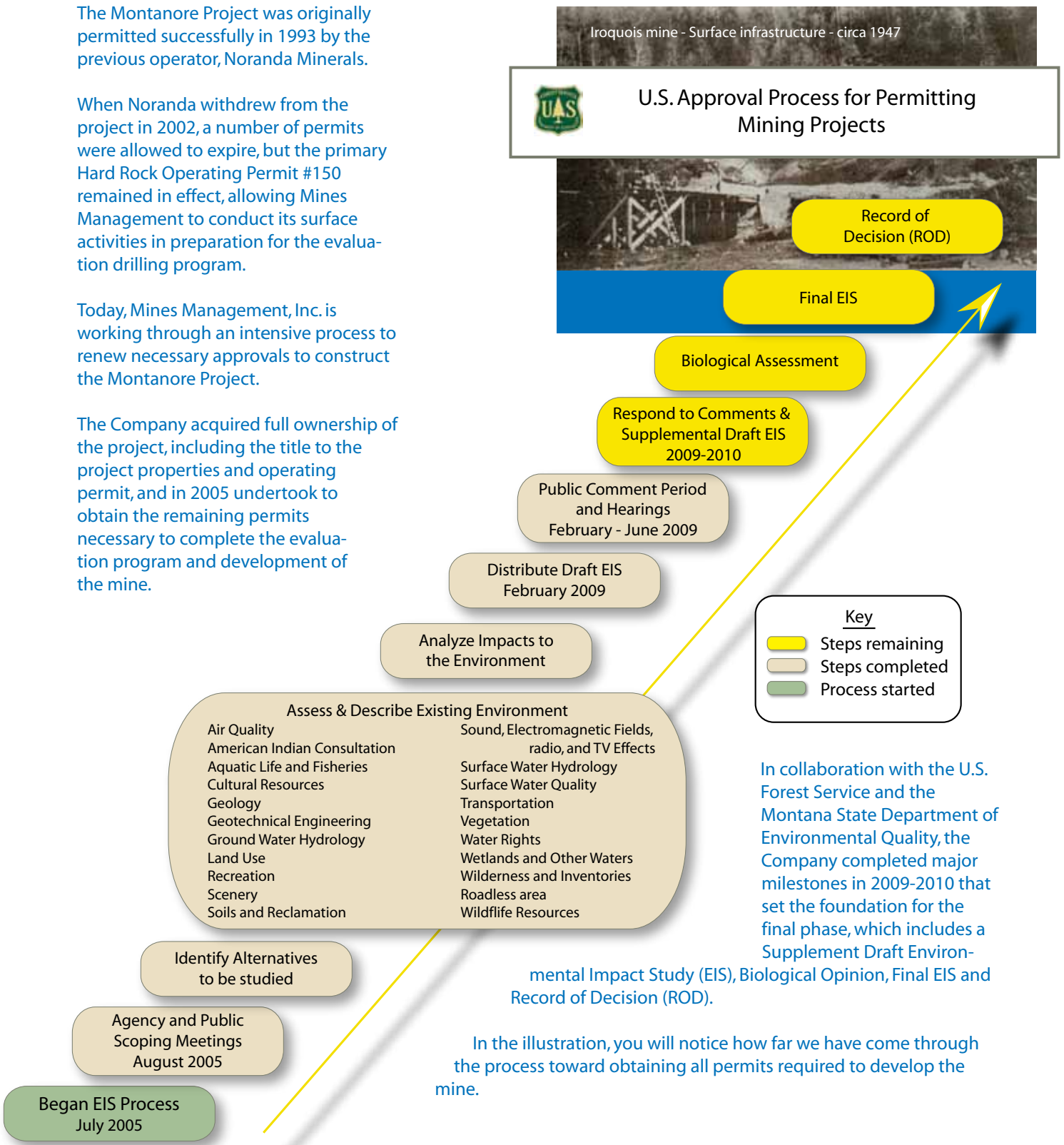
# Operations: Montanore Current Activities Re-Permitting

The Montanore Project was originally permitted successfully in 1993 by the previous operator, Noranda Minerals.

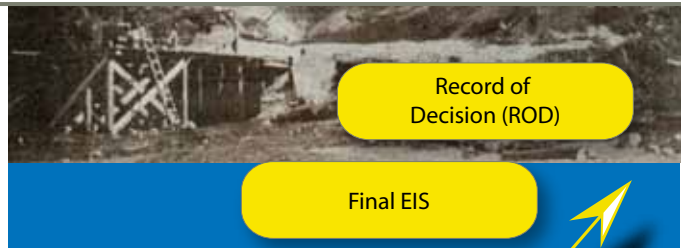
When Noranda withdrew from the project in 2002, a number of permits were allowed to expire, but the primary Hard Rock Operating Permit #150 remained in effect, allowing Mines Management to conduct its surface activities in preparation for the evaluation drilling program.

Today, Mines Management, Inc. is working through an intensive process to renew necessary approvals to construct the Montanore Project.

The Company acquired full ownership of the project, including the title to the project properties and operating permit, and in 2005 undertook to obtain the remaining permits necessary to complete the evaluation program and development of the mine.



## U.S. Approval Process for Permitting Mining Projects



Biological Assessment

Respond to Comments & Supplemental Draft EIS 2009-2010

Public Comment Period and Hearings February - June 2009

Distribute Draft EIS February 2009

Analyze Impacts to the Environment

Assess & Describe Existing Environment

Identify Alternatives to be studied

Agency and Public Scoping Meetings August 2005

Began EIS Process July 2005

In collaboration with the U.S. Forest Service and the Montana State Department of Environmental Quality, the Company completed major milestones in 2009-2010 that set the foundation for the final phase, which includes a Supplement Draft Environmental Impact Study (EIS), Biological Opinion, Final EIS and Record of Decision (ROD).

In the illustration, you will notice how far we have come through the process toward obtaining all permits required to develop the mine.

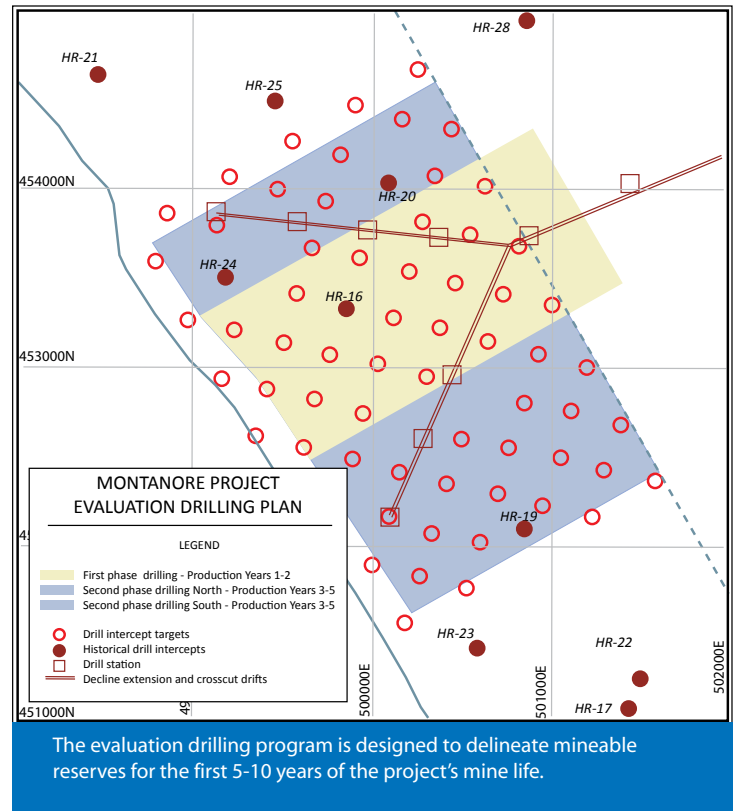
## Operations: Montanore Activities Preparations for Evaluation Drilling

The Montanore Project is an advanced stage exploration project.

The project is currently the subject of two primary activities, including preparations for the underground drilling and evaluation program and project re-permitting, with a goal of having a fully permitted project ready for development.

Through the tenure of Mines Management, the project has undergone significant mine planning and engineering in anticipation of completing an underground drilling program, the data from which would be used to support detailed engineering and a final feasibility study.

Preparations are being made for the underground evaluation drilling program, and have included re-opening of the evaluation decline, installation of site facilities and infrastructure, and constructing a state of the art water treatment facility which will protect the quality of the water in the region.



The evaluation drilling program is designed to delineate mineable reserves for the first 5-10 years of the project's mine life.



Montanore Minesite

Pursuant to the project's existing permits, we have been active constructing site infrastructure and facilities in preparation for the evaluation drilling program.

The drilling program is targeted to delineate sufficient mineralized material to support project financing and targeted production from the mine for the first five to ten years.

Data from the drilling program will be analyzed to determine optimal design of the mine and milling facilities, as well as the method and rate of production, and, in general, to determine the economic feasibility of developing the project.