

President's Letter to Shareholders

Dear Shareholders,

I first would like to express my personal appreciation to our shareholders for their patience as we have worked diligently to advance the Montanore Project toward development. The process for development of a world-scale underground mining project is arduous and laborious.

Also, I am grateful for the perseverance of the community of Lincoln County, Montana, for standing firm in difficult economic times with an optimism and zeal for their community and neighbors while anticipating better days ahead. We sincerely desire for the Montanore Project to be a major catalyst for future prosperity for Libby and the surrounding communities. It is clearly time for the beautiful corners of the country to participate in the re-growth of our nation's economy.

Since the extreme lows of the late 2008 financial crisis, financial and commodity markets have rebounded spectacularly with new money created and distributed by central banks in their effort to bring about meaningful economic recovery.

With newly stimulated markets, metals prices have also risen, bringing with them higher values for the commodities held in Mines Management's primary asset, the Montanore Silver-Copper Deposit. As the value of silver and copper grows, so too does the potential value for the Montanore Project, and the need for its development.

Silver

Over the past two years, silver prices have risen from recession lows of \$8.88 per ounce to more than \$40 per ounce, reflecting surging demand not seen in more than thirty years.

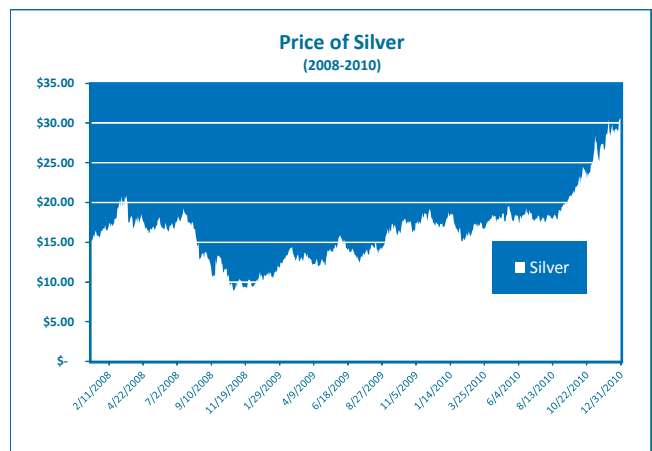
As you are aware, silver enjoys a two-fold source of demand. First, strong investment demand is reflective of the markets' sentiment toward monetary policy and the future direction of fiat currencies, combined with new tools with which investors can



Iroquois mine - circa 1947

access the markets. According to sources, global silver investment rose by 40% during 2010 to approximately 280 million troy ounces, a net inflow of approximately \$5.6 billion and almost double that of 2009.

The creation of silver Exchange Traded Funds (ETFs) has also made it easier and less cumbersome for investors, and the advent of ETFs has increased the visibility of the metal for a generation of investors to invest in silver who previously had no experience with investing in physical metals. Investment holdings in silver through ETFs grew to a staggering 583 million ounces, up nearly 25%, during 2010.



President's Letter to Shareholders, continued



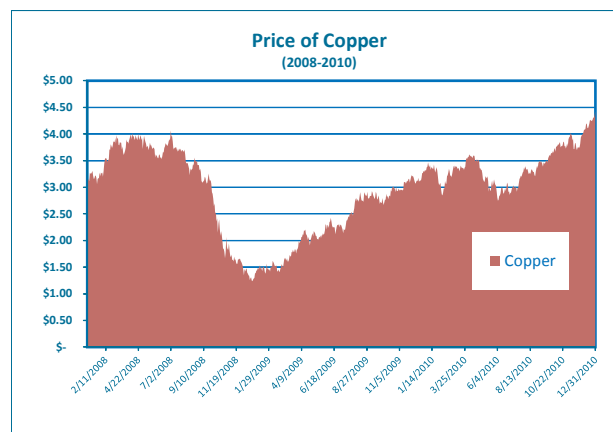
The public's sentiment toward investing in metals has undergone a sea-change, and previous aversions to investing in commodities through futures or physical metals have subsided, as well.

Second, industrial fabrication demand grew by 21% in 2010, to 487 million ounces, due to economic recovery and a wide variety of new and growing markets for the metal. Growing research and development into silver as an electrical conductor and anti-bacterial agent has uncovered many new uses for the metal. Combined with growing political support, newer markets for solar panels and larger markets such as batteries for electronics and automobiles have created an extra punch of demand which makes for a healthier and more diversified base than historically was the case.

Copper

Likewise, copper prices have risen from \$1.24 per pound to new highs of nearly \$4.50 per pound, convincingly surpassing the pre-recession highs. While copper has benefited from recent Western economic growth, it has also enjoyed generally increasing demand from the Far East and emerging markets, including China, which is the largest single demand source for copper. Future demand for copper may also increase substantially due to expectations for a growing supply deficit. With a 2010 shortage estimated at 200,000 tons, the deficit is expected

to continue to grow through 2011 and 2012 due to increased global industrial demand combined with the potential for growth in copper ETFs, and few major new mines coming on stream.



Montanore

We anticipate that as metals prices remain robust, so too will the need for the development of the Montanore Project. With the single most important near term catalyst remaining for the project to be completion of the re-permitting process, high metals prices and the local need for stronger employment combine to increase the imperative to expedite and complete the approval process as soon as possible.

As you'll notice in a summary of the permitting process on page seven, the project has undergone detailed environmental analysis and redesign over the past five years to reduce impact to the environment.

We have gone to great lengths to develop systems to protect sensitive species and the natural environment in the vicinity of the mine, also taking into account socioeconomic impacts to the local community.

The project's development will result in a net benefit to all stakeholders in the region, including members of the community and the public. We will endeavor to consider all sensitive issues and elements of the project, and collaborate with stakeholders to create a dynamic solution toward ultimate development of the project.

President's Letter to Shareholders, continued

As we move through the final stages of permitting, we have a strong financial foundation on which to operate with the completion of a financing in early 2011. As with our environmental stewardship, we also strive to minimize dilution for shareholders and raise capital when it is needed.

As a result, we believe we have one of the lowest share issuances of any company in the market with an advanced stage project of the magnitude of Montanore.

A major step toward quantifying the value of the project occurred with the completion of a Preliminary Economic Assessment (PEA), announced on December 22, 2010. Using three-year average metals prices for silver and copper on November 17, 2010, the project has a Net Present Value (NPV) of approximately \$485.6 million, at \$15.00 per ounce silver and \$3.10 per pound copper prices and a 5% discount rate. With potential future undiscounted net cash-flow estimated at more than \$1 billion, the company enjoys ownership of a very valuable mineral project with the potential for development within the next few years.

Expansion

Lastly, we have believed for some time in the prudence of looking for additional mineral projects, and believe that we will be successful in the future in identifying an excellent exploration project with which to initiate our expansion activities. We have looked at many projects throughout the Americas, and intend to seek projects with strong potential for large size, but with the ability to gain participation with minimal risk to capital.



Iroquois mine - Underground mining activities - circa 1947

We greatly appreciate your consideration and support as we advance the Montanore Project through its final stages, and seek additional expansion opportunities.

Sincerely, and on behalf
of the Board of Directors,

Glenn M. Dobbs
President and CEO