MINNESOTA
DEPARTMENT OF
NATURAL RESOURCES

Lease Number LMIS010511
2.0.0000
Field Unit Region 2 - Hibbing Lands & Minerals

MISCELLANEOUS LEASE

This lease, executed in duplicate by and between the State of Minnesota, under the authority and subject to the provisions of Minn. Stat. § 92.50, acting by and through its Commissioner of Natural Resources, hereinafter called LANDLORD and the TENANT as named below.

TENANT			
Twin Metals Minnesota LLC			
TENANT Address (No. & Street, RFD, Box No., City, State, Zip)			
380 Saint Peter Street, Suite 705, St. Paul, MN 55102			
Lease Fee	Fee Payment Schedule		
\$591.00	\$591.00 due upon execution f	or the duration of the lease	
Term	Effective Date	Termination Date	
Three (3) Years	January 13, 2021	December 31, 2023	
Purpose of Lease		County	
Observation Well and Road		Lake	

IT IS AGREED AS FOLLOWS:

PREMISES CONTAINS SCHOOL TRUST LAND.

- a. LANDLORD and TENANT acknowledge part or all of the Premises is school trust land. School trust land is part of the Permanent School Fund, which was established in Article XI, section 8, of the Minnesota State Constitution. LANDLORD is a trustee of the school trust lands and has a fiduciary obligation to manage the Premises in accordance with the Minnesota State Constitution and Minnesota Statutes. LANDLORD manages school trust land according to Minn. Stat. section 127A.31.
- b. TENANT is prohibited from seeking any federal, state, local, or private funding which places restrictions on the use of the Premises.
- c. TENANT is prohibited from adding improvements to the Premises, or improving current structures on the Premises, without the prior, written approval of the LANDLORD.

BASIC TERMS:

1. <u>PREMISES.</u> The LANDLORD in consideration of the terms, conditions and agreements contained herein, and the payment of the Lease Fee to be paid by the TENANT, hereby leases to the TENANT, subject at all times to sale, lease and use for mineral or other purposes the following described premises:

Parts of the Northeast Quarter of the Northeast Quarter, the Northwest Quarter of the Northwest Quarter, the Southwest Quarter of the Southeast Quarter, the Northwest Quarter of the Southeast Quarter, the Northwest of the Southeast Quarter in Section 16, Township 61 North, Range 11 West, Lake County, as approximately shown on attached Exhibit A which is made a part of this agreement and herein referred to as the "Premises".

- 2. <u>TERMS.</u> The terms LANDLORD, TENANT, TENANT ADDRESS, LEASE FEE, FEE PAYMENT SCHEDULE, TERM, EFFECTIVE DATE, TERMINATION DATE, PURPOSE OF LEASE AND STATUTORY AUTHORITY, used herein are described above and are incorporated herein.
- 3. <u>LEASE PERIOD</u>. This lease will be in effect for the TERM, beginning on the EFFECTIVE DATE and ending on the TERMINATION DATE, unless terminated earlier under provisions of this lease.
- 4. <u>USE OF PREMISES.</u> TENANT will use the Premises only for PURPOSE OF LEASE.
- 5. <u>"AS IS."</u> TENANT is taking the Premises in its "as is" condition, and LANDLORD is under no obligation to make any alterations or modifications to accommodate TENANT's use.

TENANT'S RESPONSIBILITIES:

- 6. <u>LEASE PAYMENTS.</u> The TENANT will pay to the LANDLORD the LEASE FEE, which is due and payable according to the FEE PAYMENT SCHEDULE. The LANDLORD may assess interest pursuant to Minn. Stat. § 270C.40, subd. 5 on any payments over thirty (30) days past due.
- 7. <u>MAINTENANCE</u>. The TENANT will maintain the Premises in good repair, keeping them safe and clean, removing all refuse and debris that may accumulate. No timber shall be cut, used, removed or destroyed by the TENANT without first obtaining written permission from the LANDLORD.
- 8. <u>INVASIVE SPECIES.</u> The TENANT is responsible for controlling invasive species on the Premises. (See the attached Exhibit C, which is made a part of this lease, for additional terms and conditions on the control of invasive species.)
- 9. <u>UTILITIES</u>. TENANT will pay for all utilities furnished on the Premises for the term of this lease, including electric, gas, oil, water, sewer and telephone.
- 10. <u>ALTERATIONS AND MECHANIC'S LIENS.</u> The TENANT may not make changes, alterations or improvements to the Premises or to any structure thereon without the prior written consent of the LANDLORD. Any changes, alterations or improvements in or to the Premises will be at TENANT's sole expense. TENANT has no right to subject the interest of LANDLORD in the Premises to any mechanic's liens, material liens or other liens of any nature, and TENANT must have any such lien discharged within 10 days after the recording of the lien. TENANT will be liable to LANDLORD for LANDLORD's costs and attorneys' fees incurred relating to mechanic's liens and other liens.
- 11. <u>TAXES.</u> The TENANT will pay, when due, all taxes assessed against or levied upon the Premises or upon the fixtures, improvements, furnishings, equipment and other personal property of the TENANT located on the Premises during the TERM of this lease. NOTE: Due to the lease, the county may assess property taxes against the property based on its market value, and TENANT is required to pay the property taxes.
- 12. <u>COMPLIANCE WITH LAWS.</u> TENANT must comply with all applicable municipal, county and state laws, ordinances and regulations, and obtain and pay for all licenses and permits as may be required by its use of the Premises.
- 13. <u>ENVIRONMENTAL</u>. TENANT will not use in any way, or permit the use of the Premises, or any part thereof, to either directly or indirectly produce, manufacture, refine, transport, store, dispose of, or process any Hazardous Substance (as defined below), unless it has received the prior written consent of LANDLORD. "Hazardous Substance" means any pollutant, contaminant, toxic or hazardous waste, potentially dangerous substance, noxious substance, toxic substance, flammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, PCBs, or any other substance the removal of which is required, or the production, manufacture, maintenance, refining, transport, storage, disposal, processing, or ownership of which is restricted

or prohibited by federal, state, or county or municipal statutes or laws now or any time hereafter in effect, including but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 5101, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) as these laws have been amended or supplemented. TENANT agrees to hold harmless and indemnify LANDLORD from any and all damages, costs, fines and expenses that might arise as a result of TENANT's violation of this provision. This provision will survive the termination of this Lease.

PUBLIC ACCESS:

- 14. <u>LANDLORD'S ACCESS.</u> LANDLORD, acting through its designated agents or employees, has the right to enter the Premises at all reasonable times.
- 15. <u>PUBLIC RECREATION USE.</u> The TENANT agrees and understands that the public land leased herein shall be open to public recreational uses, as defined by Minn. Stat. § 604A.21, not inconsistent with the purposes of this lease. The TENANT shall not unreasonably refuse permission to any person to enter upon the lands leased herein for reasonable public recreational use without first obtaining the written permission of the LANDLORD. If the LANDLORD authorizes the prohibition of any public recreational uses, the prohibition shall apply to all persons including the TENANT.

TERMINATION AND ASSIGNMENT:

16. <u>TERMINATION</u>. This lease may be terminated at any time by mutual agreement. A lease entered pursuant to Minn. Stat. § 92.50 may be canceled for just cause at any time by LANDLORD upon six months written notice.

TENANT will, on the TERMINATION DATE, or earlier as provided for in this lease, peacefully and quietly surrender the Premises to the LANDLORD in as good condition and repair as on the EFFECTIVE DATE. If the TENANT fails to surrender the Premises on the termination of this lease, the LANDLORD may eject or remove the TENANT from the Premises and TENANT will indemnify the LANDLORD for all expenses incurred by the LANDLORD. In addition, TENANT will remove all TENANT's property from the Premises upon termination and any property remaining will be considered abandoned and disposed of by the LANDLORD according to law. Upon demand, TENANT will pay to LANDLORD all of LANDLORD's expenses incurred in connection with LANDLORD's disposition of TENANT's personal property. TENANT's obligations under this paragraph will survive termination of the Lease.

If this lease is terminated prior to the TERMINATION DATE, the TENANT will not be relieved of any obligation incurred prior to termination.

- 17. <u>HOLDOVER</u>. TENANT will pay to the LANDLORD a sum equal to the rent plus fifty (50) percent of the rent for each rental period that TENANT holds the Premises after termination of this lease without authorization by LANDLORD. This sum will be liquidated damages for the wrongful holding over. TENANT acquires no additional rights by holding the Premises after termination and will be subject to legal action for removal.
- 18. <u>TRANSFERS.</u> This lease will extend to, and bind the successors, heirs, legal representative and assigns of the LANDLORD and TENANT. In addition, the TENANT may not without the LANDLORD's prior written consent: a) assign, convey, mortgage, pledge, encumber or otherwise transfer this lease or any interest under it; b) allow any transfer or any lien upon the TENANT's

interest by operation of law; c) sublet the Premises or any part thereof: d) permit the use or occupancy of the Premises or any part thereof by anyone other than the TENANT.

DEFAULT:

- 19. <u>DEFAULT BY TENANT</u>. If TENANT defaults in any of its promises or covenants under the Lease and fails to cure the same within thirty (30) days after receipt of written notice of default from LANDLORD, LANDLORD may exercise one or more of the following remedies, or any other remedy available at law or in equity:
 - a. Terminate the Lease and recover from TENANT all damages it has incurred by reason of such breach;
 - b. Re-enter the Premises and remove all persons and property from the Premises, without terminating the Lease or releasing TENANT from its obligations under the Lease; or
 - c. Re-let the Premises without terminating the Lease. If the amount received from re-letting in any month is less than the amount of rent to be paid by TENANT, TENANT will pay any such deficiency to LANDLORD upon demand.
- 20. <u>SELF-HELP RIGHT.</u> If TENANT defaults in the performance of any term of this Lease, LANDLORD, in addition to any other rights and remedies it has under this Lease and without waiving such default, may perform the same for the account of and at the expense of TENANT (but shall not be obligated to do so), without notice in a case of emergency and in any other case if such default continues after five (5) days from the date that LANDLORD gives written notice to TENANT of its intention to do so. TENANT must pay upon demand bills for all amounts paid by LANDLORD and all losses, costs and expenses incurred by LANDLORD, in connection with any such performance by LANDLORD pursuant to this section, including, without limitation, all amounts paid and costs and expenses incurred by LANDLORD for any property, material, labor or services provided by LANDLORD to TENANT.

LIABILITY:

- 21. <u>LIABILITY</u>. This lease will not be construed as imposing any liability on the LANDLORD for injury or damage to the person or property of the TENANT or to any other persons or property, arising out of any use of the Premises, or under any other easement, right-of-way, license, lease or other encumbrance now in effect. The TENANT will indemnify and hold harmless the LANDLORD from all claims arising out of the use of the Premises whether such claims are asserted by civil action or otherwise.
- 22. <u>PERSONAL PROPERTY RISK.</u> All personal property on the Premises belonging to TENANT or its occupants or visitors shall be there at the sole risk of TENANT or such other person only, and LANDLORD will not be liable for theft or misappropriation of such property, nor for any loss or damage to such property, including destruction by fire.

MISCELLANEOUS:

- 23. <u>LEGAL OBLIGATIONS</u>. This lease is not to be construed to relieve the TENANT of any obligations imposed by law.
- 24. <u>ENCUMBRANCE</u>. This lease is subject to all existing easements, right-of-ways, licenses, leases and other encumbrance upon the Premises and LANDLORD will not be liable to TENANT for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.

- 25. <u>NO WAIVER.</u> No delay on the part of the LANDLORD in enforcing any conditions in this lease, including termination for violation of the terms of this lease, shall operate as a waiver of any of the rights of the LANDLORD.
- 26. <u>NOTICES</u>. Any notice given under this lease shall be in writing and served upon the other party either personally or by depositing such notice in the United States mail with the proper first class postage and address. Service shall be effective upon the depositing of the notice in the United States mails. The proper mailing address for the purposes of serving notice on the LANDLORD shall be the Commissioner, Department of Natural Resources, 500 Lafayette Road, St. Paul, Minnesota 55155-4045, and on the TENANT it shall be as stated in the TENANT'S ADDRESS.
- 27. <u>CONSTRUCTION OF LEASE</u>. If any clause or provision of this lease is or becomes illegal, invalid or unenforceable because of present or future laws or any rule or regulation of any governmental body, the intentions of the LANDLORD and TENANT here is that the remaining parts of this lease shall not be affected thereby.
- 28. <u>AUDIT.</u> LANDLORD is a State of Minnesota entity. The books, records, documents and accounting procedures and practices of the TENANT (whether in hard copy or electronic format) regarding this Lease shall be subject to reasonable examination by the STATE and/or the State Auditor or Legislative Auditor, as appropriate, during the term of the Lease and for a minimum of six (6) years after the Lease's expiration or termination.
- 29. <u>BOND FINANCED PROPERTY.</u> If LANDLORD used General Obligation bonds to purchase, construct, or improve the Premises, TENANT agrees to comply with all requirements imposed by the Commissioner of Management and Budget, up to and including furnishing any documents as the Commissioner determines to be necessary, to ensure that interest paid on the General Obligation bonds, if any, used to purchase, construct or improve the Premises is exempt from federal taxation.
- 30. <u>ADDITIONAL TERMS.</u> See the attached Exhibit A (Map), Exhibit B (Additional Terms), and Exhibit C (Invasive Species), which are made a part of this lease.

IN WITNESS WHEREOF, the parties have set their hands.

STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES
By /s/ JOEY A. ROKALA
Date: January 13, 2021

TWIN METALS MINNESOTALLC By /s/ JULIE PADILLA

Title: Chief Regulatory Officer

Date: January 13, 2021

Exhibit A

<u>Map</u>
Miscellaneous Lease LMIS010511

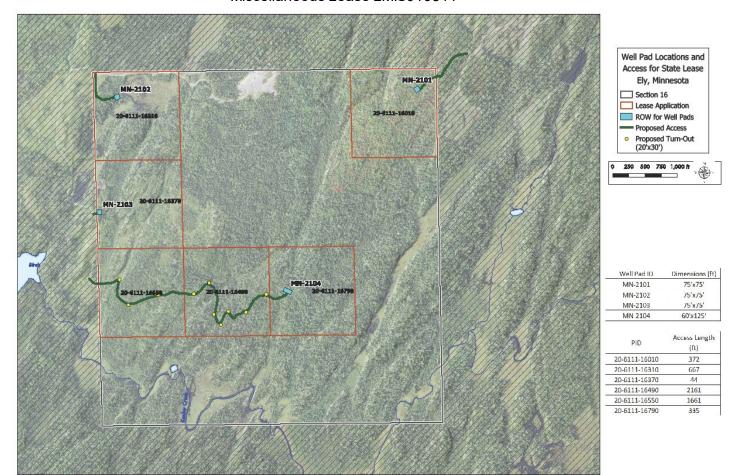


Exhibit B Additional Terms

Miscellaneous Lease LMIS010511

Terms and Conditions which Apply:

- 1. Known special feature or use: The Northwest Quarter of the Southwest Quarter (NW1/4-SW1/4) of Section 16, Township 61, Range 11 contains a Minnesota Biological Survey high biodiversity site for native plant communities. Prior to TENANT conducting any activities on this forty, LANDLORD shall have the proposed work reviewed by natural heritage staff of the Division of Ecological Services and Water Resources. Changes to the proposed work may be necessary due to natural resource management concerns.
- 2. The road width is authorized up to 24 feet in width lying 12 feet on each side of the center of the road and each well pad site dimension is authorized up to the following dimensions:

Well Pad ID MN-2101 75 feet x 75 feet; Well Pad ID MN-2102 75 feet x 75 feet; Well Pad ID MN-2103 75 feet x 75 feet; and Well Pad ID MN-2104 60 feet x 125 feet.

- 3. TENANT shall procure liability insurance, naming the State as additional insured in the amount of at least \$500,000 per individual and \$1,500,000 per occurrence from an insurance carrier licensed to do business in Minnesota. Upon execution of this lease, the TENANT shall provide the LANDLORD with a certificate of insurance indicating the required coverage and the TENANT shall periodically provide the LANDLORD with evidence of insurance as the LANDLORD may request. The policy shall provide that the LANDLORD be notified ten days prior to the cancellation or termination of the policy. The TENANT shall be required to maintain such insurance to the full extent of the amounts specified in Minnesota Statutes, Section 3.736 which amounts shall be incorporated herein by reference. If those amounts are changed following execution of this lease, the TENANT shall provide whatever amount of insurance is required by that change within 30 days after the LANDLORD notifies the TENANT of the change.
- 4. This lease allows for the installation, maintenance and monitoring of four well pads comprising a total of 18 unique wells, herein after referred to as "Monitoring Locations". TENANT shall be responsible for all expenses associated with Monitoring Locations.
- 5. Monitoring location installation, maintenance and monitoring activities shall not obstruct any access road or trail. TENANT may not close any trail or other access routes without prior written approval of the LANDLORD.
- 6. TENANT shall comply with Minnesota Rules, chapter 4725, and Minnesota Statutes, chapter 103l.
- 7. Groundwater wells shall have an impermeable locking cap and an identification label installed according to Minnesota Rule, chapter 4725. There may up to five wells at each site as shown in Exhibit A. The well pad ID's are, MN-2101, MN-2102, MN-2103, MN-2104. Once the unique wells are installed, the numbers will be provided by the TENANT to the LANDLORD.
- 8. Groundwater wells shall have a permanent marker that extends above the snowline.
- 9. When a groundwater well is no longer in use, TENANT shall seal the well and notify LANDLORD. TENANT shall provide to the LANDLORD the Minnesota Department of Health Well and Boring Sealing Record.
- 10. The TENANT shall salvage merchantable timber on the Premises. Each species must be utilized down to a minimum merchantable top diameter inside bark as follows:
- Four inches for cordwood and pulpwood material, except three inches for spruce

- Six inches for bolts
- Ten inches for saw timber
- 11. Non-merchantable material resulting from clearing operations on the Premises may be lop and scattered to a maximum depth of 2 feet on the Premises. Non-merchantable materials from uplands may not be lop and scattered in wetlands. Chipping of woody materials is prohibited on the Premises.
- 12. Grinding of stumps to create a level workspace for the road and well pad sites is authorized. Woody material from the grinding of stumps shall be removed from the Premises by the Tenant.
- 13. The TENANT shall not bring, store, or dispose of non-merchantable materials or debris originating from other land parcels onto the leased Premises.
- 14. The TENANT shall minimize rutting to protect productivity, hydrologic function and water quality, reduce erosion, and minimize impacts to flora and fauna. The TENANT shall avoid repeated and excessive rutting.

The TENANT shall use mats as needed. Mats shall be cleaned prior to coming onto the Premises and cleaned during construction and maintenance activities to avoid the spread of invasive species.

If rutting or mixing of topsoil materials occurs, the TENANT shall immediately cease operations and may resume only when conditions are adequate to support the equipment.

Roads

Upland: Rutting greater than or equal to 6 inches deep shall not exceed 10% of all roads (total
of all lengths of roads with rutting greater than or equal to 6 inches deep divided by the total
length of all roads), and rutting shall not exceed 50 feet of any 200 foot section of roads.

Wetland roads

- Rutting greater than or equal to 6 inches deep shall not exceed a contiguous length of road in a
 wetland of 300 feet or more than 50% of the width of the wetland in the vicinity of the rutting,
 whichever is less.
- In wetlands, the TENANT shall minimize rutting and soil compaction by the use of supplemental equipment supports (e.g. timber mats), low ground pressure equipment, or by conducting activities during frozen ground conditions. Mats on the Premises shall be removed within 10 working days after completion of initial construction activities.
- The TENANT shall restore the wetlands natural hydrological and native vegetation to prelease conditions prior to termination of the lease.

Prior to reaching any of the levels of rutting described above, the TENANT is expected to take appropriate measures to reduce rutting so that the maximum extent of rutting is not reached. Mats in place during construction for equipment passage shall be cleaned so that soils do not accumulate.

- 15. The TENANT shall take geo-referenced aerial photographs in high resolution and videos of the roads and pads sites on the Premises (1) prior to commencing construction activities and (2) prior to termination of the lease and shall submit such photographs and videos to the LANDLORD within such time periods.
- 16. If the LANDLORD, in its absolute and sole discretion, determines there are impacts to the wetlands on the Premises from Tenant's activities, the TENANT agrees to mitigate the wetland impacts as directed by the LANDLORD.
- 17. The TENANT must receive prior written approval from the LANDLORD before placing gates on the Premises. The TENANT shall provide the LANDLORD with keys or access codes for locks on gates.

- 18. Only uncontaminated gravel and fill may be used in road construction or road improvement. Gravel and fill shall be free of hazardous and/or petroleum product contaminants. No gravel or fill may be placed in wetlands. After clearing the timber and mechanically brushing, boulders would be removed, and a base fill of approximately 4-8 inches of gravel would be installed except in wetland areas. The proposed gravel source to support this program is the state gravel pit located off the FR-1900 road from which material has been obtained to build the majority of the previous drill and well access roads. The TENANT must pay the LANDLORD for the state gravel prior to commencing any activities.
- 19. The TENANT must pay the LANDLORD for merchantable timber, timber reproduction damages, and any applicable reforestation damage costs prior to commencing any activities on the Premises. The lease fee does not include timber damages.
- 20. This Lease does not grant TENANT any prior or prescriptive rights to the Premises, nor is the State obligated to issue additional surface leases or otherwise convey any interests to TENANT upon any of the Premises.
- 21. This Lease is subject to the following state mineral lease:
- a. State Non-Ferrous Metallic Minerals Lease No. MM-9859 dated September 6, 2001 held by Encampment Minerals, Inc.

TENANT shall not unduly interfere with the exploration or mining operations conducted pursuant to the minerals lease listed above.

Exhibit C Invasive Species Miscellaneous Lease LMIS010511

Check all that apply

×	Mandatory - (1) Before entering and leaving the site, check clothing, gear, vehicle and equipment (including timber mats) and remove caked mud, dirt clods, and reproductive plant parts (seeds, berries, fruit, cones, flowers or seed stalks, and roots). Using either a power washer or an air compressor is an effective means of cleaning equipment, but is not required unless stated below.	
	(2) This site is infested with ☐ gypsy moth, ☐ emerald ash borer, ☐ Asian long horned beetle, ☐ other invasive disease or insect Obtain a compliance agreement from USDA APHIS or Minnesota Dept. of Agriculture prior to hauling wood or woody debris off this site. For more information visit http://www.mda.state.mn.us/en/plants/pestmanagement/eab/regulatoryinfo.aspx	
	(3) This site is infested with □ oak wilt, □ Dutch elm disease, □ sirex wood wasp, □ other invasive plant disease or non-regulated insect □ Girdle the marked trees and leave them on site. □ Do not haul infected trees between April 1st and Nov 1st. □ Other	
	(4a) This site is infested with □ buckthorn, □ garlic mustard, □ other invasive plant, □ exotic earthworms. Before starting work, review known infestations with the site administrator. Avoid traveling through or parking in infested areas. Time operations and organize routes of travel to avoid spreading weed seed or infested soil. If mowing hay, be aware of any chemical applications and honor wait times before mowing. Some herbicides are passed through manure into sensitive crop fields. See other restrictions below.	
	(4b) This site is infested with □ buckthorn, □ amur or Norway maple, □ peashrub, □ honeysuckle, □ multiflora rose, □ Russian olive, □ other: When cutting: □ chip, □ pile and burn rather than scattering the top of invasive species.	
	(5) Using a power washer or air compressor, □ daily, □ weekly, □ monthly; clean all vehicles, equipment and trailers taken on and off site during the snow-free season. Washing may be done at an approved location on site or off site at an appropriate cleaning facility. Avoid letting rinse water run into open bodies of water or native plant communities. Cleaning is not required during frozen conditions.	
	(6a) All materials (gravel, fill, mulch, chips, sand, etc.) brought to the site are to be weed and pest free. Sources are to be approved prior to purchase or acquisition.	
	(6b) Before utilizing the underlying gravel or other earth materials, scrape off the top 6-12" and segregate in an on-site location designated by the site administrator.	
	(7) Plant or reclaim site within: □ one month, □ three months, □ six months of end of least project. Use weed and pest free native plant and seed mixes. Where available, use certified local sources. Sources are to be approved prior to purchase and acquisition.	
	(8) Upon completion of the project or operation, close, obstruct or gate all access routes. If project is inactive for longer than □ one month, □ three months, □ six months close, obstruct or gate all access routes until project resumes.	
	(9) When collecting field material (seed, I&D samples, berries, mushrooms, special wood products, etc.) use new clean bags or baskets.	

(10) In the case invasive plants become an issue during operations (to be determined by the site administrator), the LESSEE agrees to stop operations and gate or otherwise close the site until the infestation can be controlled.
(11) The LESSEE is responsible for controlling noxious weeds on the site. Contact the site administrator and county agricultural inspector for details.
(12) Follow other actions as directed by the site administrator to minimize the introduction and/or spread of invasive species.
(13) Before starting work, review known infestations with site administrator(s). When traveling between multiple sites a day, be sure to start at the site with the fewest number of invasive plants, leaving the most heavily infested site to last. Time operations and site visits to avoid the spread of weed seed.

Last updated July 7, 2012