

## **Project Update: January 27, 2011**

We officially started operations on November 17 at the site in Emily. This operation is part of the demonstration project, where we have been permitted to extract up to 12,000 cubic yards of manganese ore material as a bulk sample to test the new way to recover the mineral.

Much of the initial work focused on the start up processes that includes adjusting and weather proofing equipment. We were able to successfully extract some manganese ore from our single well. The ore was delivered to Coleraine, where the University of Minnesota facility is working to determine best processing practices.

In early January, when the extreme cold weather began, we temporarily suspended operations in order to take a little time to adjust equipment to optimize the efficiency of the borehole mining tool and we are currently waiting for the arrival of some newly designed piping. We will commence operations when that is completely installed. We anticipate the process to resume in mid to late February.

On another note, Brad Moore, whom you've seen at all of the ERC meetings has resigned from Barr Engineering to work for Polymet Mining on their copper mining project. Brad was the senior advisor public and governmental affairs for Barr. We are working with Barr Engineering to determine the best replacement for Brad for our project.