

Duluth Metals Ltd. signs definitive acquisition agreement with Antofagasta plc

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[Duluth Metals Ltd.](#) ("Duluth", "Duluth Metals") (TSX: DM) (TSX:DM.U) today announced that it has signed the definitive acquisition agreement (the "Acquisition Agreement") with a wholly-owned subsidiary of [Antofagasta plc](#) ("Antofagasta") pursuant to which Antofagasta has agreed, subject to the terms of the Acquisition Agreement, to acquire all of the outstanding common shares of Duluth Metals by way of a plan of arrangement at a price of CDN\$0.45 per share in cash (the "Transaction"). The due diligence condition in favor of Antofagasta in the prior agreement announced November 3, 2014 has been satisfied.

The Transaction, first reported in a press release dated November 3, 2014, represents a 284% premium to the 20-day volume weighted average price of Duluth Metals' common shares on the TSX as at October 31, 2014.

Kelly Osborne, President and CEO of Duluth commented: "We are pleased to have completed the definitive Acquisition Agreement with our partner Antofagasta and look forward to completing the plan of arrangement."

In addition, Antofagasta previously agreed to purchase common shares of Duluth in a private placement for aggregate proceeds of CDN\$2.3 million at CDN\$0.45 per share. On November 10, 2014, Antofagasta funded the initial CDN\$1 million tranche of the CDN\$2.3 million private placement. The second and final tranche of CDN\$1.3 million is expected to close later today. After giving effect to the private placement Antofagasta will own 24,341,673 shares or approximately 17.2% of 141,879,095 Duluth common shares. Antofagasta has also extended the term of the currently outstanding bridge loan from Antofagasta to Duluth by 12 months, with the repayment date subject to acceleration in certain circumstances.

Antofagasta has entered into lockup agreements with all of Duluth's directors and officers and with [Wallbridge Mining Company Ltd.](#), who collectively own approximately 6.9% of Duluth's outstanding common shares after giving effect to the private placement referred to above.

The Acquisition Agreement contains customary deal support provisions, including non-solicitation, superior proposal and right-to-match provisions in favor of Antofagasta and the payment to Antofagasta of a termination fee of CDN\$3.5 million if the acquisition is not completed in certain specified circumstances.

Duluth's Board of Directors expects that an information circular recommending the Transaction will be mailed to shareholders by December 10, 2014. The Transaction is subject to a 66% shareholder approval condition, majority of minority approval and court approval. A shareholder meeting to consider and vote on the Transaction is expected to be held in mid-January 2015. Subject to receiving the requisite court and shareholder approval and the satisfaction of other customary conditions, completion of the plan of arrangement and the closing of the Transaction is contemplated to occur within five days of the shareholders meeting.

Barclays is acting as financial advisor to Duluth and has rendered a fairness opinion to the Duluth Board of Directors in connection with the Transaction. Bennett Jones LLP and McLean & Kerr LLP are acting as legal counsel to Duluth. The Special Committee of the Board of Directors of Duluth retained RBC Capital Markets ("RBC") to prepare a formal valuation in accordance with the requirements of Multilateral Instrument 61-101. Subject to the assumptions, limitations and qualifications set forth in its valuation and fairness opinion, RBC is of the opinion that, as of November 20, 2014, the fair market value of the Duluth common shares is in the range of CDN\$0.10 to CDN\$0.65 per Duluth common share and that the consideration under the Transaction is fair from a financial point of view to holders of Duluth common shares, other than Antofagasta and its affiliates. The formal valuation and fairness opinion of RBC will be included in the information circular to be sent to Duluth shareholders. BMO Capital Markets and Rothschild are acting as financial advisors to Antofagasta and Cassels Brock & Blackwell LLP is acting as legal counsel to Antofagasta.

About Duluth Metals

[Duluth Metals Ltd.](#) is committed to acquiring, exploring and developing copper, nickel and platinum group metal (PGM) deposits. Duluth Metals has a joint venture with Antofagasta plc on the Twin Metals Project,

located within the rapidly emerging Duluth Complex mining camp in north-eastern Minnesota. The Duluth Complex hosts one of the world's largest undeveloped repositories of copper, nickel and PGMs, including the world's third largest accumulation of nickel sulphides, and one of the world's largest accumulations of polymetallic copper and platinum group metals. Aside from the Twin Metals Minnesota joint venture, Duluth Metals retains a 100% position on over 40,000 acres of mineral interests on exploration properties adjacent to and nearby the Twin Metals Project.

About Antofagasta plc

[Antofagasta plc](#) is a Chilean-based copper mining group with significant by-product production and interests in transport and water distribution. The Antofagasta Group creates value for its stakeholders through the discovery, development and operation of copper mining operations. The Antofagasta Group is committed to generating value in a safe and sustainable way throughout the commodity cycle. During 2013 its operations produced 721,200 tonnes of copper in concentrate and copper cathode, 293,800 ounces of gold and 9,000 tonnes of molybdenum in concentrate. Copper production is expected to be approximately 700,000 tonnes in 2014.

This press release contains forward-looking statements (including "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995. There is the transactional risk that the Transaction may not close due to one or more conditions in the Acquisition Agreement not being satisfied or the Acquisition Agreement otherwise being terminated. A copy of the Acquisition Agreement will be filed on www.sedar.com.

Contact

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