

MONTANA MINING ASSOCIATION

Response to Clark Fork Coalition and Trout Unlimited Document, "Cyanide in Our Streams?"

CFC and TU CLAIM – "SB 306 expands cyanide heap leach processing in Montana, encouraging development of many new open-pit mines. The result? More messes for taxpayers to clean up."

MMA RESPONSE – SB 306 will not expand cyanide heap leach processing in Montana. The intent of this bill is to allow new surface mines to ship ore to **existing** permitted facilities allowed to use the chemical cyanide under **current** law. In fact, the one existing heap leach facility is specifically precluded from expanding from its current permit boundary. The other facility uses a vat leach process and has been in continuous operation since 1983.

SB 306 does not change the financial assurance requirements (bonding) as administered by DEQ to assure the taxpayers that mining companies will bear the burden of modern mine reclamation costs.

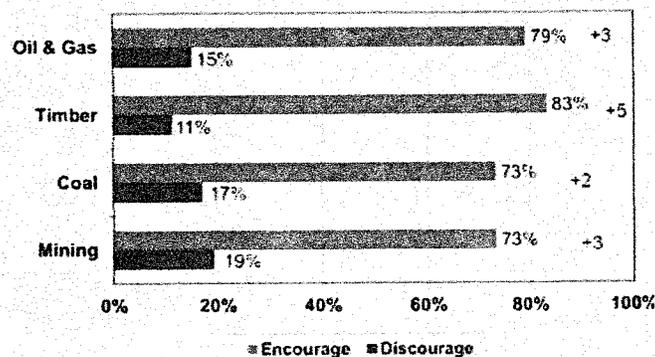
CFC and TU CLAIM – "SB 306 aims to overturn voter's clear choice."

MMA RESPONSE – SB 306 merely clarifies ambiguity in the ballot initiative. I-137 prohibited new surface mines that would build new cyanide processing facilities on site but did not address whether ore can be shipped to existing facilities allowed to use cyanide under the law. The ore could be from surface mines and cleanup of some historical mine stockpiles and tailings.

CFC and TU CLAIM – "It [SB 306] would lead to: Out-of-state investors pursuing large-scale gold mining."

MMA RESPONSE – We certainly hope that SB 306 leads to additional Montana investment. Montana benefits from out-of state-investments in all sectors of the economy, including natural resources, high tech, etc. The 2010 Montana Chamber of Commerce survey indicates that 72% of Montanans want to see more mining in the State.

"Should State Government Promote or Discourage... 2010"



CFC and TU CLAIM – “It [SB 306] would lead to: A proliferation of new open-pit mines scattered across our mountains and floodplains, potentially saddling taxpayers with the bill for cleaning up the messes when reclamation bonds aren’t sufficient.”

MMA RESPONSE – *In reality, there will be few properties that have the proper type of gold-bearing minerals and could bear the transportation costs to haul ore to one of the existing cyanide processing facilities. Further, any new mining operations will undergo a full permitting process, develop a detailed Operating and Reclamation Plan, post financial securities in an amount set by DEQ, and be routinely inspected and if necessary, subject to enforcement by the regulatory agencies. In the past decade, the financial assurance standards have been dramatically increased and the likelihood of the taxpayers being “saddled” with a bill for modern mine reclamation is remote.*

CFC and TU CLAIM – “It [SB 306] would lead to: **Thousands of mega-loads of truck traffic** on windy, scenic highways, carrying thousands of tons of earth to far-flung processing plants.”

MMA RESPONSE – *The fact is that ore is **never** hauled in mega-loads. It is hauled in normal semi’s that routinely travel these same roads and would provide additional revenue for Montana’s trucking industry as well as highway tax revenue to the State.*

CFC and TU CLAIM – “It [SB 306] would lead to: Cyanide processing threatens our streams and groundwater, and increasing processing at existing sites leaves too much room for leaks and spills.”

MMA RESPONSE – *This is nothing short of fear-mongering. Since 1998, when the largest of the existing processing facilities, Golden Sunlight Mine (GSM), implemented a cyanide destruction circuit, the risk of significant cyanide releases from leaks and spills has all but been eliminated. Further, GSM will become certified under the International Cyanide Code this year (2011). Certification under this code by an independent third party indicates that the operation is managing the use of cyanide at the highest level of responsibility; again indicating additional reduction in the risk of cyanide leaks and spills. It is clear that the longer GSM operates, the lower the risk of “leaks and spills.”*

CFC and TU CLAIM – “It [SB 306] would lead to: Past cyanide processing mistakes at Zortman-Landusky and Beal Mountain cost Montanans hundreds of millions of dollars in cleanup fees, not to mention a huge loss in property values and fish and wildlife resources at these now-toxic sites.”

MMA RESPONSE – *This is inflated and inflammatory rhetoric that ignores the facts concerning Montana’s financial involvement with the closure of the Zortman-Landusky sites:*

- *To date, Montana has allocated approximately \$10M to site closure costs;*
- *The vast majority of these funds have been generated by special taxes levied on Montana’s industries, not individual taxpaying citizens or the General Fund;*
- *During operation, it is estimated that the Zortman and Landusky sites generated in excess of \$35,000,000 in tax revenue to State and local governments;*
- *A PricewaterhouseCoopers’ report estimates that, in 2008 alone, the mining industry in Montana generated just under \$300,000,000 in direct and indirect tax contributions to state and local governments;*
- *The issues associated with Zortman–Landusky and Beal Mountain had absolutely nothing to do with “cyanide processing mistakes” or the use of cyanide in any way. It had everything to do with an underestimation of closure costs;*
- *There were no aquatic impacts at Zortman-Landusky or Beal Mountain from cyanide; and the area around the Beal Mountain mine supports excellent elk and deer hunting and recreational opportunities;*
- *The reclamation goal of these sites was to ensure that they were not “toxic.” No “toxic” events have been reported since reclamation was completed.*