Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor
Richard H. Opper, Director

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FINAL ENVIRONMENTAL ASSESSMENT
GOLDEN SUNLIGHT MINES, INC.
OPERATING PERMIT 00065
EAST AREA PIT
AMENDMENT 14

November 22, 2010

Dear Reader:

Golden Sunlight Mines, Inc. (GSM) filed an application on May 4, 2010 for Amendment 14 to Operating Permit 00065 from the Montana Department of Environmental Quality (DEQ). GSM's mining operation is located in Jefferson County approximately 5 miles northeast of Whitehall, MT in Sections 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32 and 33 of Township 2 North, Range 3 West, Section 4, 5 and 6 in Township 1 North, Range 3 West and Sections 1, 13, 24, 25 and 36 in Township 2 North, Range 4 West.

The proposed amendment would allow construction of an open pit (East Area Pit) of about 24 acres, having a maximum depth of about 300 feet. Approximately 1.73 million tons of ore would be extracted and 2.31 million tons of waste rock would be generated.

The East Area Pit would be located directly northeast of the facilities area. The location has been previously disturbed but not mined. The pit would be about 1500 feet long and 700 feet wide. The pit floor is designed to remain above the groundwater level. Under the proposed reclamation plan, the East Area Pit highwall would be sloped to between 2H:1V and 3H:1V and be free-draining. Material from the highwall would partially fill the pit. Resloped areas would be capped with a non-reactive growth medium, and revegetated.

In addition, the proposed amendment would raise Tailings Impoundment No. 2 to its ultimate design elevation of 4770 feet, from the currently approved height of 4750 feet. The additional elevation provides for the deposit of 15.9 million tons of additional tailings from various sources, including custom milling. The 28-acre increase in area resulting from the raise in elevation would be reclaimed using the approved reclamation plan.

A legal notice on the submittal of the East Area Pit (Amendment 14) application was published in the *Whitehall Ledger* (5/19/10, 5/26/10 and 6/2/10), the *Independent Record* (5/23/10, 5/30/10 and 6/6/10), the *Missoulian* (5/23/10), the *Billings Gazette* (5/23/10) and the *Great Falls Tribune* (5/23/10, 5/30/10 and 6/6/10). Although instructed to publish the notice for three consecutive weeks the *Missoulian*, and *Billings Gazette* only published the legal notice once. The Butte

Montana Standard failed to publish the legal notice. The legal notice was also sent to the State of Montana *Newslinks* service which distributes information to subscriber newspapers in Montana.

The *Whitehall Ledger (11/11/10)* ran a separate news story on the submittal of the amendment application. Hundreds of letters were received in support of the proposed amendment, while two letters were in opposition. None of the letters received provided substantive comments requiring additional analysis. A comment letter from the BLM asked for clarification of some statements made in the Draft EA. Those comments are addressed in the enclosed attachment.

The Draft EA analyzed the potential impacts of the Proposed Action as well as the No Action alternative. The Proposed Action with Agency Mitigations alternative was selected. The Draft EA addressed issues and concerns raised during agency scoping and review of the submittal. Questions on the decision to approve the amendment should be directed to Herb Rolfes, Operating Permit Section Supervisor, DEQ/EMB, PO Box 200901, Helena, MT 59620-0901, phone (406)444-3841, or e-mailed to hrolfes@mt.gov. Copies of the Draft EA can be obtained by contacting Mr. Rolfes or by accessing the DEQ website at: http://www.deq.mt.gov/ea/hardrock.mcpx

Sincerely,

Warren D. McCullough

Warren D. McCullough
Chief Environmental Management Bureau

File: 00065.353
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Responses to BLM Comments

Comment:
Figure 5 notes that the tailings impoundment would be raised in 3 phases while the text on page 12 notes that the impoundment would be raised in five lifts. Please clarify.

Response:
The impoundment would be constructed from the existing 4730 elevation to the proposed 4770 elevation in as many as five lifts. The actual plan is for 3 lifts, but GSM may split 15 foot lifts into two separate lifts. The term 'lifts' and 'phases' should be considered as having the same meaning.

Comment:
Page 14 notes: In general, the hematitic and footwall sulfide samples returned negative ABA values, the upper gravel and sand units returned neutral ABA values, and the upper gravel and sand units returned neutral or positive results."

Response:
The statement should have read:

In general, the hematitic and footwall sulfide samples returned negative ABA values, and the upper gravel and sand units returned neutral or positive results."

Comment:
An inventory of wildlife and birds conducted in the early 1990s is probably a little old for current analysis.

Response:
The EA notes on page 6 that, "Minimal impacts to wildlife are anticipated. Site-wide impacts to wildlife were previously analyzed in Amendment 010 (July, 1998). Given the disturbed nature of the proposed East Pit it is likely there would be minimal impacts to wildlife beyond those already analyzed and permitted." Only three acres of land situated in the central area of existing mine disturbance that has not already been disturbed would be disturbed by this amendment. Those three acres are bordered on all sides by disturbed areas and in close proximity to human and industrial activities. The entire area within the proposed amendment has been previously permitted to be disturbed.

Comment:
Bald eagles are delisted, not threatened. But they are BLM sensitive and a MT species of concern. If they are known to nest near the pit potential impacts to nesting eagles should be discussed in detail.

Response:
Page 5 incorrectly notes that bald eagles are listed as a threatened species. Bald eagles have been delisted. The one known eagle nest is for a golden eagle that was discovered in 2003. Since 2003 the nest has been inactive. The site is about 2,500 feet north-northwest of the proposed

East Area Pit. The East Area Pit Project is unsuitable for eagle nesting. There are no trees of significant height in the area and no steep cliffs.

Comment:
There should be some discussion that other BLM sensitive and MT species of concern were considered.

Response:
As noted above, site-wide impacts to wildlife were previously analyzed in Amendment 010 (July 1998). Within the proposed amendment area only three acres of land have not been disturbed to date. The entire area within the proposed amendment has been previously permitted to be disturbed. The East Area Pit Project is adjacent to the primary, secondary and tertiary crushing and conveying circuits in a predominantly disturbed area where there is significant human and industrial activity.