

March 11, 2013

**Notice of Scoping Meeting for the Butte Highlands Project**

Dear Interested Party,

Butte Highlands Joint Venture (BHJV) has applied to the Department of Environmental Quality (DEQ) for an operating permit for the Butte Highlands Project under the Metal Mine Reclamation Act, Section 82-4-301, et seq., MCA. Pursuant to Section 82-4-337, DEQ determined that BHJV's application was complete and compliant and, on December 7, 2012, issued BHJV a draft permit for the Butte Highlands Project. Pursuant to Section 82-4-337(1)(f), MCA, the issuance of the draft permit as a final permit is the proposed state action that is subject to an environmental review under the Montana Environmental Policy Act, Section 75-2-102, et seq., MCA. DEQ is planning to prepare an Environmental Impact Statement (EIS) under MEPA that will discuss the potential impacts of the proposed underground mine.

This notice is to request your input on the Butte Highlands Project at the scoping meeting scheduled to be held from 7:00 to 9:00 p.m. on Thursday, March 21, 2013, in the Anselmo/Badger Room at the Copper King Convention Center, 4655 Harrison Ave, Butte Montana. The purpose of the scoping process is to encourage involvement by interested stakeholders in a manner that allows for early identification of environmental issues in the environmental review. At the scoping meeting, DEQ will explain the environmental review process and take comments about the proposed Butte Highlands Project.

This notice is being sent to potentially affected federal, state and local government agencies, Indian Tribes, Butte Highlands Joint Venture, and interested persons or groups. DEQ encourages government representatives to notify their staff of the planned project and encourage them to attend the meeting so that they can comment on their areas of concern. In addition to or in lieu of presenting comments at the scoping meeting, written comments on the Butte Highlands Project may be submitted directly to DEQ. Written comments should be sent to Jeffrey Herrick, DEQ – Director's Office, P.O. Box 200901, Helena, MT 59620-0901 or electronically to [buttehighlandscomments@mt.gov](mailto:buttehighlandscomments@mt.gov) and must be received by April 9, 2013.

**Summary of the Proposed Butte Highlands Project**

The Butte Highlands Project is located on the Continental Divide approximately 15 miles south of Butte, Montana, in Silver Bow County. The Project is situated on patented lands surrounded by the Beaverhead-Deer Lodge National Forest within Sections 31 and 32, Township 1 North Range 7 West; Sections 5 and 6, Township 1 South Range 7 West; and Section 1, Township 1 South Range 8 West, Montana Principal Meridian. A portion of the haul route from the adit to the loadout facility, which is located near the junction of I-15 and the Highland road, is on private land. The haul route is diverted from the existing USFS road in Sections 12 and 13, Township 1 North, Range 9 West, and Sections 18 and 19, Township 1 North, Range 8 West.

The operator and owner of the Butte Highlands Project is Butte Highlands JV, LLC (BHJV). BHJV is jointly owned (50% each) by Timberline Resources Corporation (TRC) and Highland Mining, LLC.

The Butte Highlands deposit is a high-grade gold skarn deposit. The area has a rich mining history that includes placer and underground mining, and a processing mill. Placer gold was first discovered in the district in 1866. In 1870 placer mining ended and the district was quiet for many years until 1930 when the Butte Highlands Mining Company constructed an underground mine. The mine operated through 1942 when Federal Order L-208 ended all gold mine activities in the district.

The district remained relatively inactive until a series of major companies including Placer Dome, Battle Mountain Gold, ASARCO, and Orvana, drilled 178 holes into the area of the ore deposit during the 1980s and 1990s. In 2007, TRC acquired the property and initiated additional surface drilling. In August of 2009, TRC received DEQ approval to amend their existing exploration program for a decline and underground drill stations. TRC and the BHJV developed the Project through additional drilling, technical investigations for mine planning, and metallurgical testing.

BHJV now proposes to expand underground activities from the approved exploration program to advance mine development to support a small scale underground mine operation. With the exception of underground development only a small amount of additional surface disturbance will be required to support the mine operation beyond the currently authorized exploration program.

BHJV proposes to use the existing portal and decline to access the ore deposit. The approved underground exploration development will be used for ventilation and other activities to support mine operations. No milling activities are proposed for the Project area, and BHJV intends to ship ore directly to a custom mill from a loadout facility. No onsite tailings impoundment will be required to support the Project. The mine life is estimated at approximately five years, and it will likely take one year for underground development before production starts. Additional resources could be identified which could extend the mine life.

Access to the Butte Highlands Project will be by existing public roads and highways. A Plan of Operations has been submitted to the United States Forest Service (USFS) to use roads managed by that agency. The remaining roads are mainly Silver Bow County or Montana State highways; the proposed haul road to the loadout facility includes a section to be constructed on private property.

BHJV's operating permit application can be viewed at <http://deq.mt.gov/hardrock/default.mcp.x>. If you have questions about the proposed Butte Highlands Project, you may contact Jeffrey Herrick at (406)444-3726 or [jherrick@mt.gov](mailto:jherrick@mt.gov).