

July 24, 2020

Chris Frank
Montana Tunnels Mining, Inc.
PO Box 176
Jefferson City, MT 59638

Patrick Imeson, Director/Principal
Black Diamond Financial Group LLC
1610 Wynkoop Street
Suite 400
Denver, CO 80202

Sent via e-mail to: cfrank@mttunnels.com, Patrick.imeson@bdfin.com

RE: Approval of Operating Permit Amendment 009 for Hard Rock Mining Operating Permit No. 00113 - Montana Tunnels Mining, Inc.

Dear Mr. Frank and Mr. Imeson,

On June 4, 2018, the Department of Environmental Quality (DEQ), under the authority of 82-4-337, Montana Code Annotated (MCA) initiated a reclamation plan update for Montana Tunnels Mining, Inc. The updated reclamation plan focused on reclamation needs at the Montana Tunnels Mining, Inc. facility.

DEQ published the Draft Environmental Assessment (EA) on March 5, 2020, which analyzed the possible environmental impacts of two alternatives — 1) the No Action Alternative and 2) the Proposed Action. DEQ identified the Proposed Action as the preferred alternative. A 30-day public comment period was initiated after publication of the Draft EA. Two sets of comments were received by DEQ, one set of comments submitted by Montana Fish, Wildlife and Parks and one set of comments submitted in a single letter from multiple groups (Earthworks, Montana Trout Unlimited, Trout Unlimited, and Montana Environmental Information Center).

On July 24, 2020, DEQ issued a Final EA. The Final EA includes responses to substantive comments submitted during the public comment period, along with minor edits and corrections to the EA. The decisions contained in this decision document are based on the analysis documented in the Final EA.

DEQ's Decisions

DEQ has applied the significance criteria, according to the Administrative Rules of Montana 17.4.608, to determine the significance of potential impacts on the human environment. After applying those criteria, DEQ has determined that preparation of an environmental assessment is the appropriate level of review under the Montana Environmental Policy Act (MEPA). A summary of DEQ's review of the significance criteria is included in the Final EA in Section 5.

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DEQ has decided to approve Amendment 009 to Montana Tunnel Mining, Inc.'s Operating Permit No. 00113, selecting the Proposed Action, as described in Sections 1.3 and 2.2 of the Final EA. The approved amendment would require Montana Tunnels Mining, Inc. to implement long-term reclamation activities for Clancy Creek and to address the reclamation needs for the shop building early in the reclamation process.

The permittee must be in compliance with Title 75, Chapter 2, MCA as amended, Title 75, Chapter 5, MCA as amended, Title 75, Chapter 6, MCA as amended, and administrative rules adopted pursuant to these laws.

Pursuant to Sections 82-4-337(1)(h)(i), MCA, and 82-4-338, MCA, Montana Tunnels Mining Inc. is required to file with DEQ a reclamation bond in a form and amount determined by DEQ. DEQ will calculate the bond in accordance with Section 82-4-338, MCA and is required to provide Montana Tunnels Mining Inc. with the bond determination within 40 days of the date of this decision document (Section 82-4-337(2)(c), MCA). While the Montana Tunnels Mining, Inc. hard rock mining operating permit is currently suspended for failure to post the required bond, Montana Tunnels Mining, Inc. will not be authorized to have the permit re-instated or to conduct any mining activities until Montana Tunnels Mining, Inc. submits the required bond to DEQ and DEQ has notified Montana Tunnels Mining, Inc. of acceptance of the bond. Montana Tunnels Mining, Inc. is authorized to conduct reclamation activities while its hard rock mining permit is under suspension.

Appeal of DEQ's Decisions

Legal actions seeking review of DEQ's approval of Amendment 009 to Montana Tunnels Mining, Inc. Hard Rock Mining Operating Permit No. 00113 must be filed within 90 days from the date of this decision document under Section 82-4-349(1), MCA. Any action or proceeding alleging a failure by DEQ to comply with MEPA, or inadequate compliance with a MEPA requirement, must be brought within 60 days after issuance of this decision document pursuant to Section 75-1-201(5)(a)(ii), MCA.

Sincerely,

A handwritten signature in blue ink that reads "Dan Walsh". The signature is written in a cursive, flowing style.

Dan Walsh

Chief, Hard Rock Mining Bureau

Air, Energy and Mining Division

Montana Department of Environmental Quality

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