

August 8, 2022

Chris Cooney
C3 Limited Liability Company
P.O. Box 596
Philipsburg, MT 59859

Sent by email to: chriscooney@rocketmail.com

RE: Approval of Operating Permit Application No. 00202 – C3 Limited Liability Company

Dear Mr. Cooney,

On July 14, 2020, C3 Limited Liability Company (C3) submitted Operating Permit Application No. 00202 to the Montana Department of Environmental Quality (DEQ) for the construction and operation of a proposed sapphire mine (Anaconda Bench Sapphire Mine) located in Granite County approximately 22 miles west of Philipsburg on Montana Highway 38. Revised versions of the application were submitted to DEQ on December 7, 2020, February 12, 2021, April 12, 2021, and June 11, 2021. A draft permit and compliance document were issued on August 12, 2021. A permit issued by DEQ would authorize C3 to mine from the Anaconda Bench Mine.

DEQ published the Draft Environmental Assessment (EA) on June 15, 2022, which analyzed the possible environmental impacts of 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. On August 8, 2022, DEQ issued a Final EA. No comments were received during the public comment period. 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 (ARM) 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 EA 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.

DEQ has decided to approve C3's application for an operating permit, selecting the Proposed Action, as described in the Final EA. Pending bond submittal and approval, the approved operating permit would allow C3 to mine at the Anaconda Bench Mine. Before commencing activity authorized by this permit, the permittee must be in compliance with Title 75, Chapter 2, Montana Code Annotated (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, C3 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 C3 with the bond determination within 40 days of the date of this decision document (Section 82-4-337(2)(c), MCA). A final permit may not be issued until the permittee submits, and DEQ accepts, the corresponding bond.

Permit Stipulations

Pursuant to Section 82-4-337(2)(b), MCA, DEQ shall consult with the applicant before placing stipulations in a draft or final permit. Permit stipulations in a draft or final permit may, unless the applicant consents, address only compliance issues within the substantive requirements of this part or rules adopted pursuant to this part. For a stipulation imposed without the applicant's consent, DEQ shall provide to the applicant, in writing, the reason for the stipulation, a citation to the statute or rule that gives DEQ the authority to impose the stipulation, and, for a stipulation imposed in the final permit that was not contained in the draft permit, the reason that the stipulation was not contained in the draft permit.

On July 29, 2022, C3 consented to adding stipulations to the final Hard Rock Mining Operating Permit. C3 agreed with DEQ's request to add two stipulation (Stipulation Nos. 1 and 2) that it deemed was needed to address substantive requirements of the Metal Mine Reclamation Act. The permit stipulations are shown below.

- **Stipulation No. 1: Within 12 months after issuance of Operating Permit No. 00202, C3 shall either obtain a Montana Air Quality Permit or provide documentation that it is otherwise excluded or exempted from requiring a Montana Air Quality Permit as provided by ARM 17.8.743 and ARM 17.8.744.**
- **Stipulation No. 2: Within 180 days after issuance of Operating Permit No. 00202, C3 shall install at least three groundwater wells around the sediment ponds to monitor the interaction of the ponds with shallow groundwater to meet the requirements of ARM 17.24.116.**

Appeal of DEQ's Decisions

Legal actions seeking review of DEQ's approval of C3's operating permit 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,



(On behalf of Dan Walsh.)

Dan Walsh
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File: 00202.3