

January 4, 2023

Mr. Doug Stiles
Vice President
Montanore Minerals Corp.
34524 US Highway 2
Libby, MT 59923-8432

Sent by email to: dstiles@hecla-mining.com

RE: **Approval of Minor Revision 22-001, Modification to Underground Drift Layout, and Modification to Surface Facilities, Montanore Mineral Corp, Operating Permit No. 00150**

Dear Mr. Stiles

The Montana Department of Environmental Quality (DEQ) has reviewed the request for a revision to Operating Permit No. 00150, which was received by DEQ on December 05, 2022, from Montanore Minerals Corp. (MMC) to modify the underground drift layout and surface facilities. DEQ approves this minor revision contingent upon the receipt of additional reclamation bond to cover the costs of the modified closure plan.

This permit modification includes the following:

- Construction of underground drifts and drill stations to conduct exploration from above the mineral resource zone, adding an additional 100 feet of underground drift construction.
- Modification of surface facilities within previously disturbed area at the Libby Adit Site:
 - o Expansion of the existing Waste Rock Storage Area (WRSA #1) to increase the storage capacity of the facility to approximately 77,000 cubic yards (yd³).
 - o Expansion of the authorized WRSA #2 to increase the storage capacity of the facility to approximately 87,000 yd³.
 - o Construction of a new double-lined 360,000-gallon capacity Waste Rock Sump (WRS).
 - o Relocation of a soil stockpile to accommodate construction of WRSA #2.
 - o Installation of two aboveground 20,000-gallon double-walled fuel tanks.
 - o Backfill of approximately 58,000 yd³ of waste rock material into the adit during closure, and backfill of additional waste rock material into the WRS and percolation pond.
 - o Installation of geosynthetic barrier covers over the WRSAs during reclamation and prior to placement of topsoil.

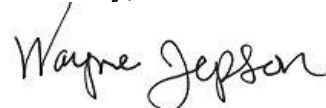
MMC would perform the work over a period of approximately 4 to 5 years following initiation of dewatering and rehabilitation work.

DEQ has determined that the existing bond held for reclamation is not sufficient to account for the proposed changes in Minor Revision 22-001. Incremental bonding has previously been approved for the Montanore Project and a reclamation bond totaling \$1,154,966 has been posted for Phase 1 of the Libby Adit exploration project. Phase 1 includes the reclamation activities for existing surface facilities at the adit site and the dewatering of the existing adit. Phase 2 of the project involves the reclamation costs for the extension of the adit, placement of new waste rock on the surface, and upgrades to the existing water treatment facility to address nitrogen compounds that will be generated by extension of the adit and the associated extraction of additional waste rock. The additional bond required for Phase 2 was calculated in 2006 to be \$3,979,360 but has not been posted. Minor revision 22-001 affects the reclamation costs associated with Phase 2. Because Phase 2 activities also require approval from the US Forest Service (Kootenai National Forest (KNF)), determination of the revised reclamation bond amount associated with Phase 2 activities and this minor revision will be deferred until MMC receives authorization from the KNF to proceed with the project.

Minor Revision 22-001 identifies a "Potential Topsoil Area" located within the permit area to the southeast of existing disturbances, adjacent to Libby Creek, and states that MMC will investigate the location as a potential source of additional growth media if additional soil is required to meet site closure objectives. This approval does not include the development of this additional soil borrow area. Additional baseline information (to include vegetation surveys, soil depth and quality, floodplain analysis, etc.) would be required prior to considering authorization of this potential soil borrow area. The current bond calculation assumes that additional required growth media would be purchased and delivered to the site as needed and this requirement will remain in effect until such time as an alternate soil borrow site is permitted.

Please contact me if you have any questions.

Sincerely,



Mining Environmental Scientist
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Montana Department of Environmental Quality
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e-File: 00150.3

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