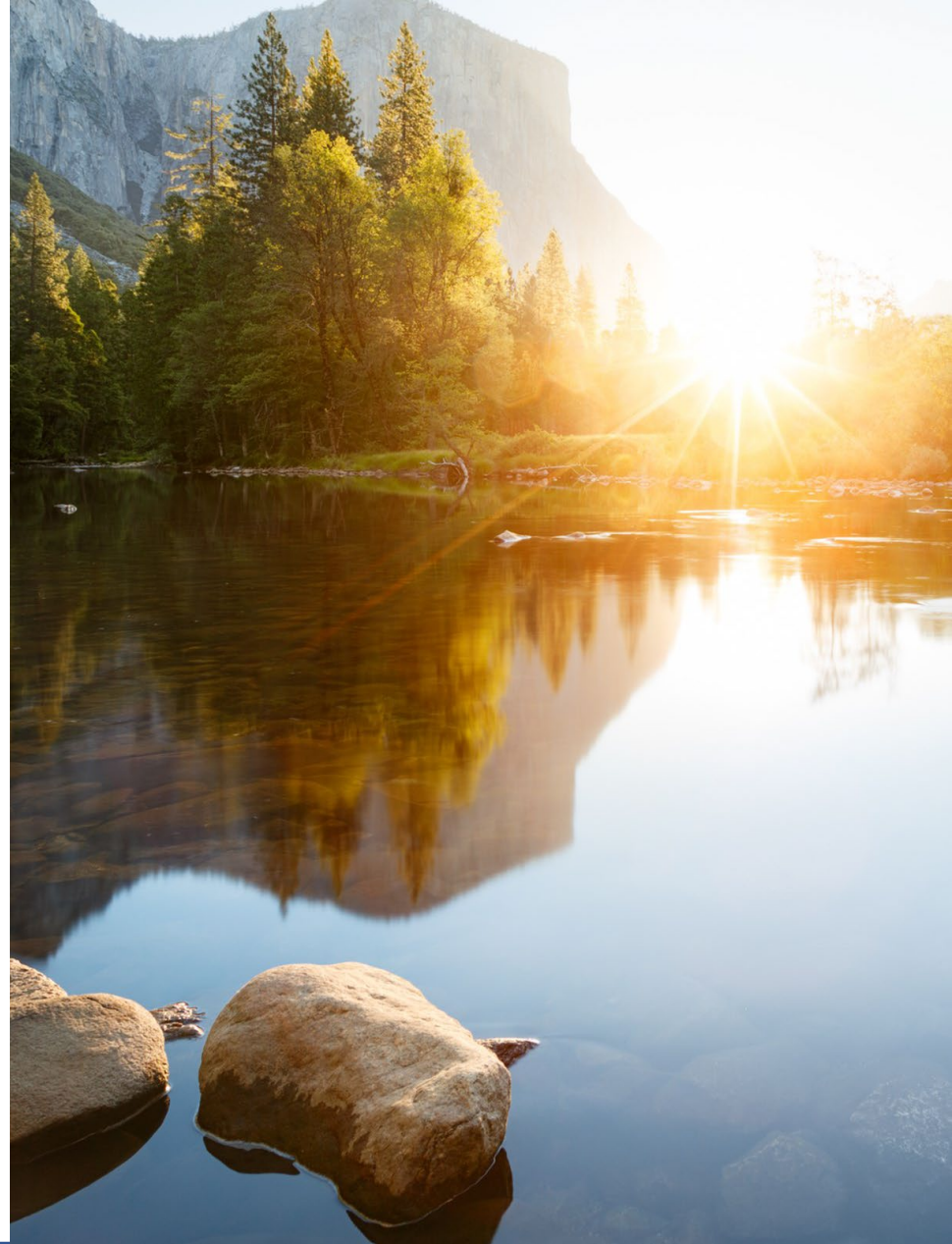


Montana Tunnels October 2025 EQC Update

- MTMI is part of the Pegasus Gold bankruptcy legacy from 1999.
- The mine is located west of Jefferson City
- MTMI has not been in full operation since 2008.
- MTMI did not comply with an Amended Administrative Order on Consent (AOC) intended to avoid forfeiture.
- Since entering into the Original AOC and Amended AOC, DEQ collected an additional \$1.5 million in cash bond.
- The MTMI operation could be looked at by other potential successor operators, but it is important that the property and permit remain united.





A Tunnels Timeline

- 2008 -- Last operations.
- 2017 -- DEQ send 5-year Preliminary Bond Review Letter. Revised bond is \$38,986,017.
- Jan. 2018 -- DEQ issues violation for late annual reporting, late payment of fees, and failure to monitor as required.
- Feb. 2018 -- DEQ sends 5-year Proposed Bond Review Letter. Revised bond is \$34,886,739.
- June 2018 – Tunnels fails to post bond by extended deadline.
- June 2018 – BLM issues Intent to Issue Suspension Order.
- July 2018 – DEQ issues draft reclamation plan.
- Aug. 2018 – DEQ issues violation for late annual reporting, late payment of fees, and failure to monitor as required.
- Oct. 2018 – DEQ initiates enforcement action against Tunnels.
- June 2019 – DEQ issues violation for late annual reporting, late payment of fees, and failure to monitor as required.
- May 2020 -- DEQ issues violation for late annual reporting, late payment of fees, and failure to monitor as required.

Timeline Continued...

- July 2021 -- DEQ issues violation for failure to reclaim, failure to post bond, and failure to conduct/report monitoring.
- July 2021 – BLM issues Notice of Intent to Revoke Plan of Operations.
- Jan. 2022 – DEQ issues notice of intent to forfeit bonds.
- April 2022 – DEQ and Tunnels reach a final AOC regard violations and forfeiture. Settlement includes posting \$500K bond w/in 10 days and full bond in 180 days.
- April 2022 – Tunnels posts additional \$500K.
- Sept. 2022 – DEQ and Tunnels enter amended AOC. Grants Tunnels until March 2023 to post full bond.
- Nov. 2022 – Tunnels fails to post bond.
- Dec. 2022 – Tunnels files for bankruptcy.
- Sept. 2023 – Bankruptcy Court approves stipulations between Tunnels and DEQ.
- Dec. 2023 – Deadline for Tunnels to post \$1.5 million toward bond in accordance w/ stipulation.
- Jan. 2024 – DEQ issues notice of bond forfeiture.



Bad Actor Law



- Despite repeated efforts to get Tunnels to post adequate bond, DEQ forfeited bonds on Feb. 13, 2024.
- The Bad Actor law prevents persons engaged in mining activities from receiving a new permit to mine in Montana when they fail to clean up past operations and bonds are forfeited or reimburse the state for those cleanup costs.

82-4-360, Montana Code Annotated

(1) Except as provided in subsection (2), a person may not conduct mining or exploration activities in this state if that person or any firm or business association of which that person was a principal or controlling member had a bond forfeited under this part, if the department otherwise received proceeds from a surety to perform reclamation on that person's behalf, or if the person's surety completed reclamation on the person's behalf.

(2) A person described in subsection (1) may apply for an operating permit or an exploration license or may conclude a written agreement under 82-4-305 if:

(a) that person pays to the department:

(i) the full amount of the necessary expenses incurred by the department under 82-4-341(6) for reclamation of the area for which the bond was forfeited;

(ii) the full amount of any penalties assessed under this part; and

(iii) interest on the expenses incurred and penalties assessed at the rate of 6% a year; and

(b) the person demonstrates and the department determines that the person has remedied the conditions that led to the bond forfeiture or receipt of the bond proceeds and that those conditions no longer exist.



Next Steps

- Posting of additional bond does not address “bad actor” status or enable the use of other mines by a “bad actor” to fund operations.
- DEQ expects full amount of reclamation costs.
- History of broken promises. No viable business plan provided.
- Property and permit should remain united in order for the State of Montana to utilize 82-4-341(8), MCA and allow for successor operator.
- Successor operators have shown interest in permit.