

HARD-ROCK MINING IMPACT PLAN ANNUAL MONITORING REPORT

BLACK BUTTE COPPER PROJECT
MEAGHER COUNTY, MONTANA



TINTINA MONTANA INC.
DBA SANDFIRE RESOURCES AMERICA INC.

WHITE SULPHUR SPRINGS, MONTANA

April 29th, 2022

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EXECUTIVE SUMMARY

Montana's Hard-Rock Mining Impact Act requires developers of hard-rock mines with more than seventy-five employees to work with local governments to assess and finance infrastructure and services required to facilitate mine development and operation. The purpose of the Act is to mitigate fiscal impacts of mining projects. Projected mine-related costs are reported in a Mining Impact Plan which describes how necessary capital and operating needs will be financed by the developer. Local governments are consulted annually to monitor community impacts and update the Impact Plan if necessary.

Tintina Montana, Inc. worked with Meagher County public schools, the county government, and the city of White Sulphur Springs to develop a Hard-Rock Mining Impact Plan in 2018 for the company's Black Butte Copper Project. The plan is filed with the Montana Hard-Rock Mining Impact Board and submitted to the local governments.

This report fulfills the annual monitoring required by the Hard-Rock Mining Impact Act. The report updates the mineral development timeline and employment data for the Black Butte Copper Project. Employment data and the mineral development timeline are shared with local governments to identify new or changing community impacts.

Summary Findings

The projected mineral development timeline for the Black Butte Copper Project, established in the Hard Rock Mining Impact Plan (2019), has shifted substantially due to impacts on the project from the Covid-19 pandemic and ongoing litigation against the Mine Operating Permit. According to the original timeline, Tintina Montana, Inc. expected to commence mining operations after a three-year construction period triggered by the issuance of a Final Mine Operating Permit. The Montana Department of Environmental Quality issued a Final Mine Operating Permit for the Black Butte Copper Project on August 14th, 2020. To date, Tintina has conducted surface earthworks for the project, but no further work at the mine site has been completed.

The 2022 monitoring effort included consultation with local government and discussion of the changes to the mineral development timeline. The delays to the project mean that the timing and amounts of payments identified in the Impact Plan may not match the actual fiscal impacts realized by local government in the affected area: Meagher County, the City of White Sulphur Springs, and White Sulphur Springs School District #8. The 2022 Annual Monitoring Report recommends no immediate adjustments or amendments to the Impact Plan but acknowledges that future adjustments or amendments may be necessary¹ after establishing clarity around the project timeline.

¹Adjustments to an Impact Plan are contingent on mutual written consent between the developer and an affected unit of local government. Amendments are submitted via a petition from the county commissioners. For more information on the conditions and mechanisms for adjustments and amendments, see Tintina Montana, *Hard Rock Mining Impact Plan – Black Butte Copper Project*. (2019).

1.0 INTRODUCTION

Tintina Montana, Inc. (Tintina) received a Final Permit for the Black Butte Copper Project from the Montana Department of Environmental Quality (DEQ) on August 14th, 2020. The issuance of the Final Permit allowed Tintina to begin construction on the project and served as the official commencement of Year 1 of the development timeline.

As a part of the permitting process, Tintina prepared and submitted a Hard-Rock Mining Impact Plan (Impact Plan) to the Montana Hard-Rock Mining Impact Board and affected local government units in accordance with the Hard-Rock Mining Impact Act (HRMIA).

The HRMIA is designed to mitigate fiscal impacts to local governments affected by new large-scale mineral development projects, including mining, related industrial processing, and transportation activities. To assess and mitigate community impacts associated with mineral development, the HRMIP requires the Impact Plan to project infrastructure and services necessary to facilitate development. The Impact Plan requires that the costs of these impacts be covered by the developer through tax prepayments or other financing mechanisms. In addition to the Impact Plan, the HRMIP requires annual monitoring in consultation with local governments and outlines stipulations for Plan adjustments and amendments as required.

This report fulfills the requirement to conduct annual monitoring of the Impact Plan in consultation with local governments. The purpose of annual monitoring is to reassess the mineral development timeline and changes in employment associated with mining activities, to communicate these changes (if any) to affected local governments, and to consult with the local governments to identify changes in infrastructure or services costs (if any) that would trigger new tax prepayments or other funding assistance from the developer.

This report begins with background from the existing Impact Plan, including contact information for affected local government units, a review of existing local government impact cost estimates, and important definitions. Next, this report describes the process for updating the mineral development employment projections with an internal survey of company employees and contractors and updates the mineral development timeline as necessary. Finally, this report includes a summary of engagement with affected local governments and recommended changes to community impact cost estimates, if any.

Note: A related program included in the HRMIA allocates twenty-five percent of annual metal mines license tax collections to be used by counties and communities to diversify and strengthen their local economies while the mine is still operating and to finance economic, workforce, and fiscal impacts after mine closure. These longer-term planning and economic development resources are additional to direct mining impacts that are the subject of the Impact Plan and are beyond the scope of this monitoring report.

1.1 Affected Local Government Units

Local government units affected by the Black Butte Copper Project are identified in the Impact Plan. They are Meagher County, the City of White Sulphur Springs, and White Sulphur Springs School District #8. Contact information for each local government is below.

Meagher County—County Commissioners

15 W. Main Street

White Sulphur Springs, MT 59645

Ben Hurwitz, Chair

(406) 547-3612

dogle@meagherco.net

City of White Sulphur Springs

105 West Hampton

White Sulphur Springs, MT 59645

Rick Nelson, Mayor

(406) 547-3911

wss@itstriangle.com

School District #8

405 S. Central Ave

White Sulphur Springs, MT 59645

Steve Morgan, Superintendent

406-547-3351

smorgan@whitesulphur.k12.mt.us

1.2 Existing Community Impact Cost Projections

Through consultation with affected local governments, the Impact Plan projected net impact costs related to the development of the Black Butte Copper Project as follows:

For Meagher County, the plan projects net impact costs of \$338,700 which will be mitigated with tax prepayments.

For the City of White Sulphur Springs, the plan projects net impact costs of \$98,300 which will be mitigated with tax prepayments.

For School District #8, the plan projects no net impact costs. If net impact costs do occur, they will be mitigated with grants through the adjustment procedures outlined in the Impact Plan.

1.3 Definitions

Important definitions included in the Impact Plan for the Black Butte Copper Project that are relevant for this annual monitoring report include:

"Affected Local Government Unit"—a local government unit within which a large-scale mineral development is located or that will experience a need to increase services or facilities as a result of the commencement of large-scale mineral development in accordance with an adopted impact plan.

"Mineral Development Employee"—a person who resides within the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral development or its contractors or subcontractors.

"Mineral Development Student"—a student whose parent or guardian resides within the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral developer, its contractors, or subcontractors.

"Non-resident Mineral Development Employee"—a Mineral Development Employee who is not originally from the impact area and moves into an affected local government jurisdiction within one year prior to or any time after obtaining employment resulting from the mineral development.

"Resident Mineral Development Employee"—a Mineral Development Employee that has resided within an affected local government jurisdiction, as identified in an impact plan, for at least one year prior to the date of hire.

2.0 ANNUAL MONITORING INFORMATION

The HRMIA requires that the Impact Plan project community impacts associated with mining and related activities. These impacts are projected using information on the number of mineral development employees and students living in and relocating to the region where the mine is located, along with an updated mineral development timeline.

2.1 Mineral Development Employment Survey

The Impact Plan for the Black Butte Copper Project requires the following information on mineral development employment be gathered and reported annually:¹

1. The total number of employees, contractors, and subcontractors working for the mineral developer
2. Whether the employees live inside or outside of Meagher County
3. Whether the employees live inside the city limits of White Sulphur Springs

4. The residential status of employees, contractors, and subcontractors as resident, non-resident, or commuting. Residents are employees or contractors who already lived in the area before getting a job at the mine. Non-resident employees or contractors are those who moved to the area to take a job at the mine. Commuting employees or contractors travel to the area for work.
5. The total number of Mineral Development Students—including elementary, middle, and high school—residing in School District #8 and the share of these students that are dependents of Resident and Non-resident Mineral Development Employees.

For the 2022 Annual Monitoring Report, Tintina obtained this data through an internal survey of its employees and contractors. As required by the Impact Plan, Tintina shared initial survey data with affected local governments (Meagher County, the City of White Sulphur Springs, and White Sulphur Springs School District #8) prior to publishing this report. Tintina is required to submit the survey results to the Montana Hard-Rock Mining Impact Board and the Montana Department of Revenue by May 1st. Figure 1 reports the results of the 2022 employee and contractor survey.

Figure 1: 2022 Tintina Montana, Inc. Employee and Contractor Survey Data^{2,3}

Total number of Mineral Development Employees	27
Total number of Mineral Development Employees in Meagher County	23
Total number of Mineral Development Employees in White Sulphur Springs	14
Total number of Mineral Development Contractors & Subcontractors in 2021	55
Total number of Mineral Development Contractors & Subcontractors in 2022	40
Total number of Residential Mineral Development Employees	13
Total number of Non-Residential Mineral Development Employees	11
Total number of Commuting Mineral Development Employees	3
School-age dependents in School District #8	6
School-age dependents of Residential Mineral Development Employees in School District #8	6

For comparison, Figure 2 shows the year-over-year results of the employee and contractor survey data.

² The majority of the contractors in calendar year 2022 reflects work on the drilling program for the Lowry Deposit, just east of the area covered under the existing Mine Operating Permit.

³ For both 2021 and 2022, all dependents enrolled in School District #8 were dependents of Residential Mineral Development Employees

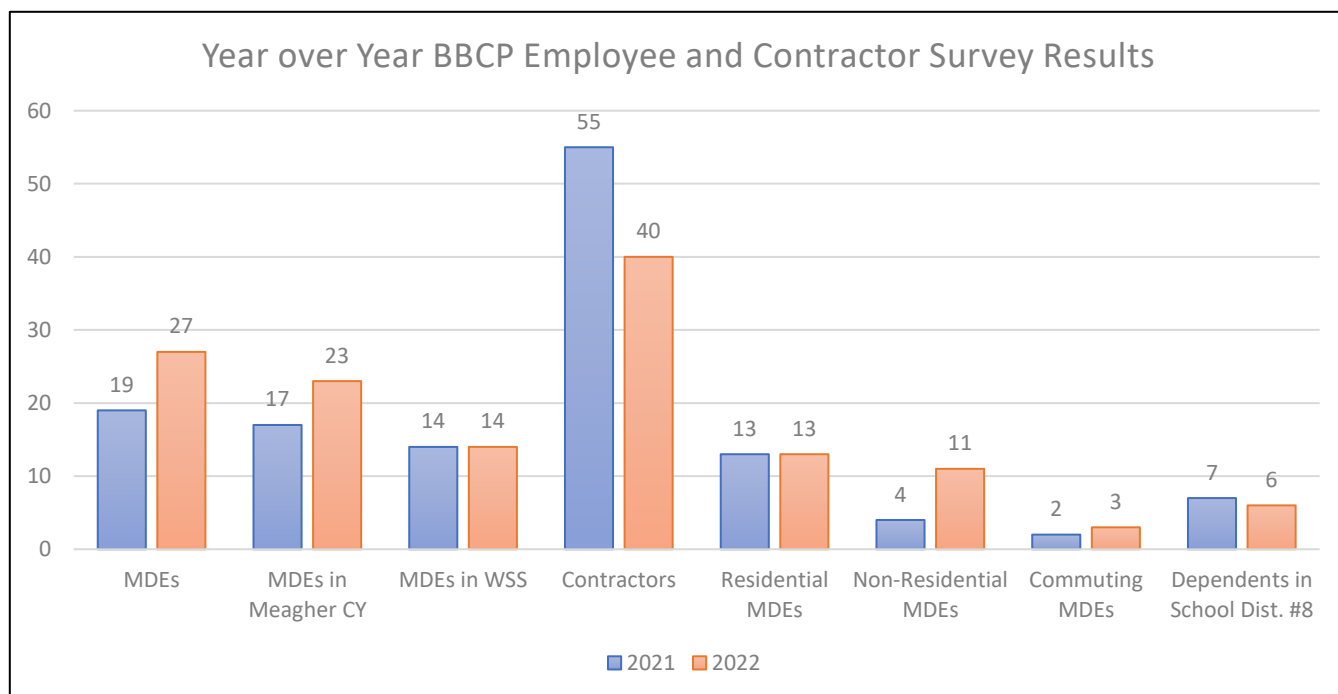


Figure 2: 2021 & 2022 Tintina Montana, Inc. Employee and Contractor Survey Data⁴

This information is intended to help affected local governments monitor actual fiscal impacts related to the Black Butte Copper Project and mitigate those impacts if there are discrepancies between the actual impacts and projections in the Impact Plan. Per the Impact Plan, any additional monitoring of fiscal impacts related to the Black Butte Copper Project is the responsibility of the affected local governments.

2.2 Mineral Development Timeline

The Impact Plan includes a timeline of mineral development activities, including permitting, construction, mining, and closure activities. The mineral development timeline helps affected communities understand the timing of different types of activities they can use to anticipate changes in services, maintenance, and infrastructure demands that may have a fiscal impact.

Permitting Timeline

On April 9th, 2020, the DEQ released a positive Record of Decision regarding a Mine Operating Permit for the Black Butte Copper Project. The Record of Decision was followed by the issuance of a Final Permit on August 14th, 2020.

Construction Timeline

Tintina began Phase 1 of construction on-site of the Black Butte Copper Project on August 17th, 2020.

⁴ MDE = Mineral Development Employee, Meagher CY = Meagher County, WSS= White Sulphur Springs

Phase 2 of construction, involving further on-site earthwork and initial construction of mining facilities, has been slowed by COVID-19 and is on hold pending company decisions on when to move forward. These decisions are contingent on the timelines of a legal challenge to the Mine Operating Permit and to disputes in the Water Court related to Tintina's water right mitigation plan for the project.

Tintina may have more clarity on the mineral development timeline related to Phase 2 construction in late 2022.

Mining and Reclamation Timeline

The life of the development, including construction, operations, and reclamation, is estimated to last thirteen years.

3.0 CONSULTATION WITH LOCAL GOVERNMENT UNITS

As required by the Impact Plan, in mid-April 2022 Tintina shared initial survey data and information on the mineral development timeline with affected local governments and consulted with them to identify any changes to the original projections for net impact costs in the Impact Plan.

Outreach was conducted with an in-person meeting involving each local government unit to answer questions and solicit feedback on community impacts and costs associated with the Black Butte Copper Project.

4.0 RECOMMENDATIONS

The affected local governments each expressed that survey data contained in this report closely aligned with projections on fiscal impacts and other impacts identified in the Impact Plan. Local government officials were informed that changes in the mineral development timeline may materially impact the timing (if not the amount) of employment and development population projections. Tintina reinforced their commitment to work with local government and to adjust or amend the plan in the future if necessary. Finally, consultation included explanation of the stipulations for plan adjustments and amendments if actual costs diverge from the projected costs in the Impact Plan.

Based on the results of the second annual employee and contractor survey and direct communication with affected units of local government, the 2022 Annual Monitoring Report recommends no immediate changes to the existing Mining Impact Plan for the Black Butte Copper Project.

¹ For more information on data required to be included in the survey, see the Hard-Rock Mining Impact Board's *Guide to the Implementation of the Hard-Rock Mining Impact Act and The Property Tax-Base Sharing Act* (2008).