

## **New hope for mining in Montana**

**JASON BACAJ, Chronicle Staff Writer | Posted: Wednesday, October 26, 2011 12:00 am**

WHITEHALL — A white plastic bucket of ore sat in a corner by the guard shack door at the Golden Sunlight Mine.

It was sent from an old gold mine about 30 miles south. A five-employee California company began cleaning up there last month in hopes of turning a profit on a project for the first time since it went public 17 months ago.

The price of gold — about \$1,650 an ounce on Friday — leaves the small mining outfit with a thin profit when it collects waste rock and tailings from the old mine and sells it to the processing facility at the Golden Sunlight Mine.

The roughly 30-year-old Whitehall mine is the last open pit mine in Montana with a cyanide processing mill, grandfathered in after voters banned cyanide use in such mines in 1998.

It's been ready to shut down for the past 10 years, said Tim Dimock, general manager. Only a \$132 million investment from Barrick Gold Corporation, the mine's parent company and one of the world's largest gold producers, kept it from closing in 2008, he said.

That's been the story of gold mining in Montana in recent history. Shifting state regulations and a negative view from the public have driven mining companies away from investing and exploring potential mining operations in state.

"High prices in commodities here transitioned into British Columbia, Nevada, let's say, a billion dollars worth of drilling projects," said Robin McCulloch, a research mining engineer at the Montana Bureau of Mines and Geology.

"In Montana, in that same period of time, with almost the same mineral endowment, we've struggled really hard to come up with a million."

Of the roughly 8,600 mineral deposits identified in Montana by the United States Geological Survey and the state bureau of mines, 33 are in production, between 10 and 15 are being explored and fewer than 10 are digging up tailings from historic mines, McCulloch said.

### **Growing small**

But that plastic bucket may be part of the foreword of a new story in Montana's mining industry, one of renewed development of the state's natural resources.

The bucket's contents were gathered under a Small Miner Exclusion Statement by Steele Resources from the historic A&P mine west of Pony.

The number of new Small Miner Exclusion Statements awarded by the Montana Department of Environmental Quality has gone from 17 in 2008 to 43 as of Sept. 30, according to data provided by Warren McCullough, chief of the department's environmental management bureau.

Exclusion statements omit those operating a mine of less than five acres from the formal permitting process, which includes posting a reclamation bond and can take upwards of seven years.

Small miners and exploration projects are the mining industry's front-end pipeline, said Dimock, who also serves as president of the Montana Mining Association. In the early 1990s there were about 140 exploration projects, compared with about six in 2010, he said.

It's important for the mining industry that the number of small and exploratory operations increases, he said. Seeing the increase in small miners and the amount of ore the Golden Sunlight Mine buys from them gives Dimock hope for renewing natural resource development in Montana.

The nine small mines Golden Sunlight purchases ore from — seven cleanup operations and two underground ones —account for about 7 percent or 8 percent of ore processed at the mine each week, Dimock said. This year through September, the mine processed 53,000 tons of ore from other mines, more than the total ore processed from other mines between 2005 and 2009. The mine did not purchase ore from other mines in 2010, he said.

“It could be an important part of extending our future. We could scale back or make other sources on site,” Dimock said.

### **‘The way to do it’**

The contents of that white bucket signal opportunity for Madison County.

Steele Resources hired a local contractor to haul waste rock from the A&P mine to Golden Sunlight and others as flagmen on the road. The road to the Cataract Lake area has been improved, and riprap material was hauled from a pit near Whitehall to use in the Jefferson River, where some backwashing occurred, said Dan Happel, Madison County commissioner.

Old tailings from the Mammoth mine are being hauled to Golden Sunlight by another Madison County operation working under a small miner exclusion statement, Happel said.

He’s glad to see the cleanup, the jobs and the potential for natural resource development in Montana.

“This is the way to do it, make money out of it so people can afford to do it and at the same time clean up the environment,” Happel said. “It’s a win-win... Madison County, as far as our position on this, we’re 150 percent behind it.”

Madison County has hundreds of old mines and tailings that may be leaching harmful chemicals and heavy metals into the environment, he said. Happel hopes the trend of small miners cleaning up the old tailings for profit continues.

With an unemployment rate of 7.7 percent in September and the price of gold projected to remain about \$1,500 an ounce through 2013, Happel and Dimock believe that Montana may be prepared to make natural resource development an economic priority once more.

It’s a possibility, McCulloch said.

“I think we’re in a huge transition. And where are we going to go? Some of that’s going to depend on the (state) Legislature; some of that’s going to depend on the federal government,” McCulloch said.

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