

# **Butte Highlands - Past, Present, and Future**

**Timberline Resources Corp.  
Randal Hardy, CEO**

**Mine Design, Operations & Closure Conference  
Old Mines Coming Back to Life Session**

**May 4, 2010**

**Fairmont Hot Springs Resort  
Butte, Montana**



# Forward Looking Statements

Certain statements in this presentation relating to the proposed Arrangement and the companies' exploration activities, project expenditures and business plans are "forward-looking statements" within the meaning of securities legislation. These statements include statements regarding completion of the Arrangement, the near and long term value of Timberline following the Arrangement, future production by Timberline, value to be realized by utilizing Timberline's drilling subsidiaries for anticipated exploration activities, Timberline's future exploration activities following the Arrangement, and future development at Timberline's and Staccato's properties. The companies do not intend, and do not assume any obligation, to update these forward-looking statements. These forward-looking statements represent management's best judgment based on current facts and assumptions that management considers reasonable, including that the required approval will be obtained from the shareholders of Timberline or Staccato, that all third party regulatory and governmental approvals to the Arrangement will be obtained and all other conditions to completion of the Arrangement will be satisfied or waived, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts, labor disturbances, interruption in transportation or utilities, or adverse weather conditions, that there are no material unanticipated variations in budgeted costs, that contractors will complete projects according to schedule, and that actual mineralization on properties will not be less than identified mineral reserves. The companies make no representation that reasonable business people in possession of the same information would reach the same conclusions. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In particular, fluctuations in the price of gold or in currency markets could prevent the companies from achieving their targets. Other factors are disclosed under the heading "Risk Factors", "Risks and Uncertainties" and elsewhere in Staccato documents filed from time to time with the TSX Venture Exchange, SEDAR and other regulatory authorities, and Timberline documents filed with the NYSE Amex and the United States Securities and Exchange Commission.

# Timberline Resources Corporate Summary

## ? **Three Complementary Business Units**

- ? Emerging junior gold producer – Butte Highlands Gold Project & Lookout Mountain in Nevada
- ? Exploration division focused on near-term development potential with significant exploration upside
- ? Contract core drilling subsidiaries in Western United States and Mexico

## ? **NYSE Amex listed (TLR) with \$45 million market cap**

## ? **Butte Highlands Gold Project Joint Venture**

## ? **Pending acquisition of Staccato Gold Resources**

- ? 23 square mile South Eureka property in Nevada with exploration potential
- ? Lookout Mountain project with significant mineralized material base
- ? \$5 million in cash post-transaction

## ? **Experienced management team with history of industry success**

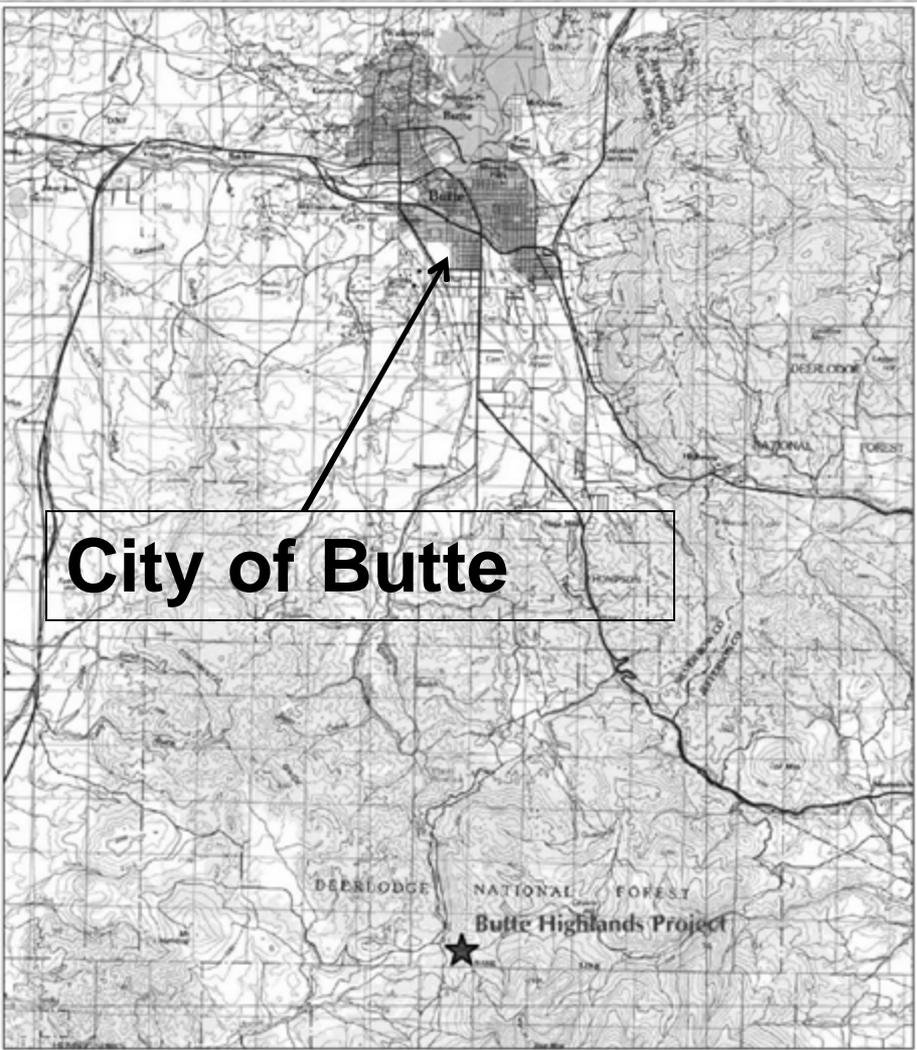
# Butte Highlands Gold Project Joint Venture

- ? Timberline Resources & Small Mine Development (SMD)
- ? Unique Business Relationship
- ? SMD – Carries the Project to Full Production
- ? Combination of Experience/Strengths
- ? Scoping Study Completed

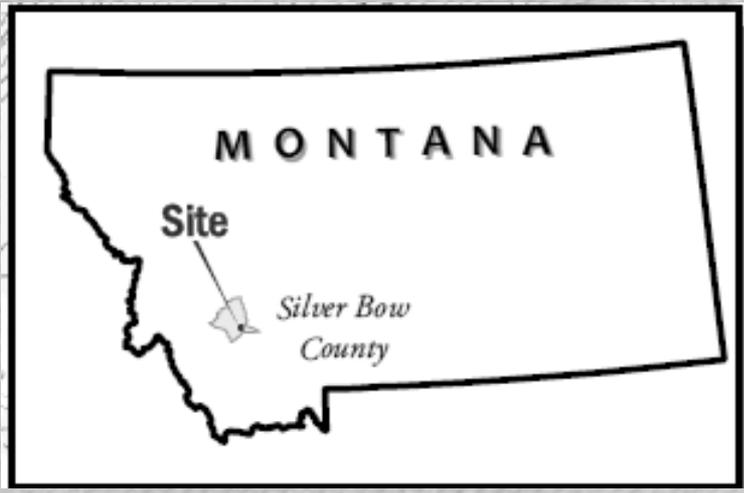


Small Mine Development  
Building and Operating America's Underground Mines

# Butte Highlands Gold Project Location



**City of Butte**





# Butte Highlands History

## Highland Mining District

- ? 1866 - Fish Creek placer
- ? 1860's - Highland City grows
- ? 1870's - Placer Mining Ended
- ? 1919 - Basin Creek tunnel
- ? 1930's - BHMC Started Mining
- ? 1933 - Constructed a Mill
- ? 1942 - Mine Closure

(Fed. Order L-208)

- ? Historic Production – 55,000 Ounces of Gold
- ? Late 1980's Major Revitalization of Gold Industry



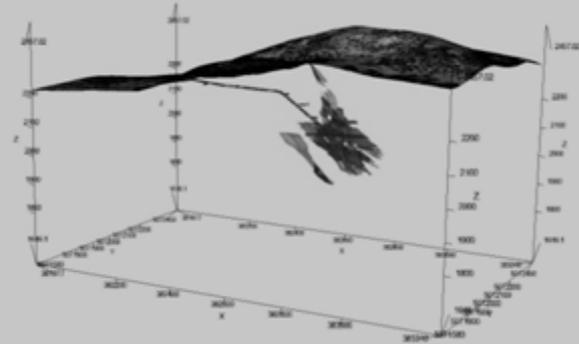
# Butte Highlands Exploration History

- 1988 to 1997
  - ? Battle Mountain, Placer Dome, Orvana, ASARCO
  - ? 56 Core Holes (~40,000 feet)
  - ? 187 RC Holes (~80,000 feet)
  - ? Nevin Hill Area (Primary Focus)
- 2007 Timberline Acquires Property
  - ? Initiate Surface Drilling in 2008
  - ? 9 Drill Sites (27 Drill Holes)
  - ? Focus – Current Resources and Project Development
  - ? Permit Exploration Decline and pre-development work
  - ? Site facilities established and Decline begun



# Butte Highlands Gold Project Geology

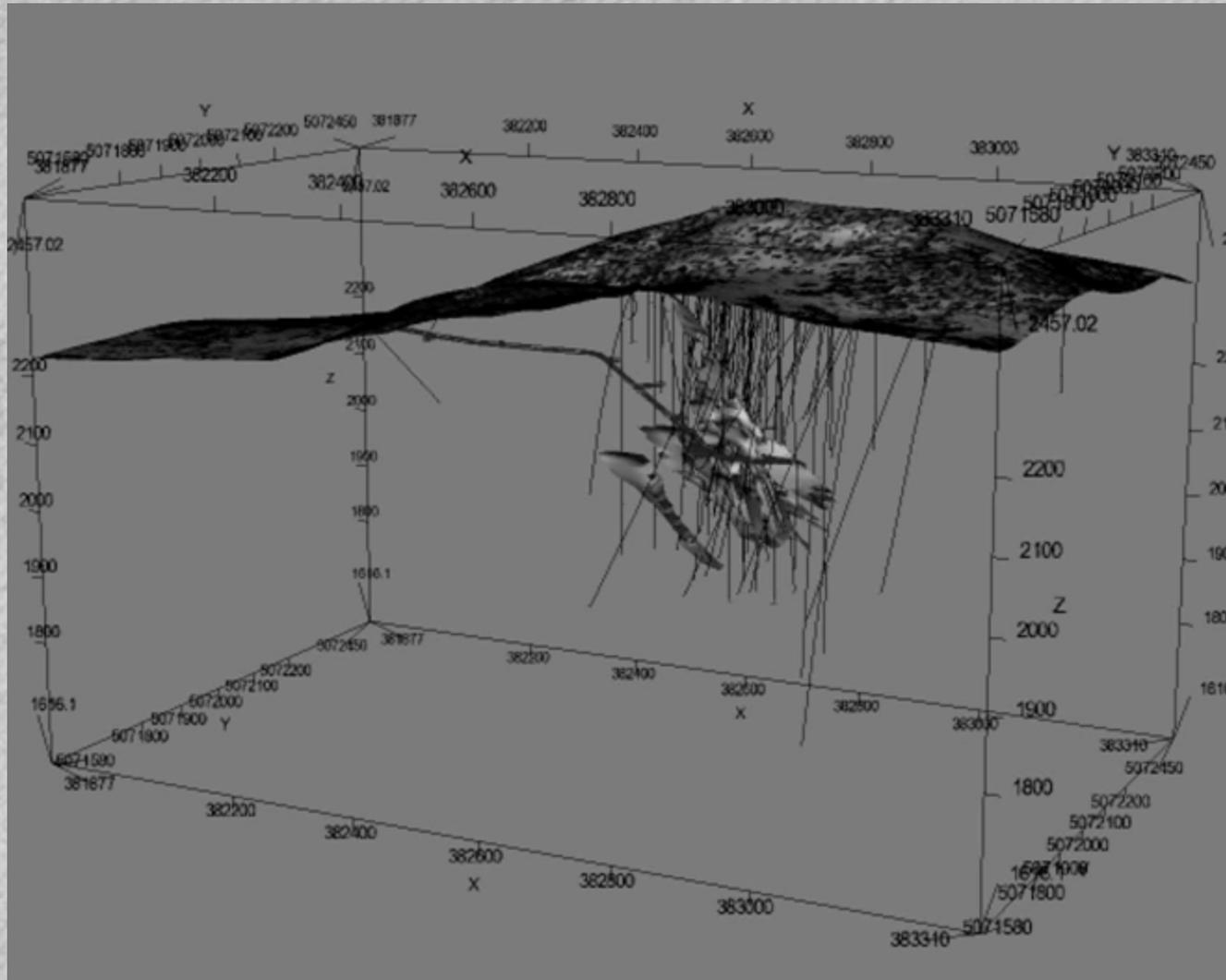
- ? Gold Skarn System
- ? Hosted in Lower Paleozoic  
Wolsey Shale
- ? Higher Grades at Diorite Sill  
and Dike Contact
- ? Five Blocks Each Containing up to Five  
Lenses of Mineralization
- ? Lenses up to 40 Feet True Thickness over a  
Strike Length of 1,000 Feet
- ? Potential for Expansion



**3ft @ 0.46 opt Au**

**5ft @ 0.45 opt Au**

# Butte Highlands Gold Project 3-D Model



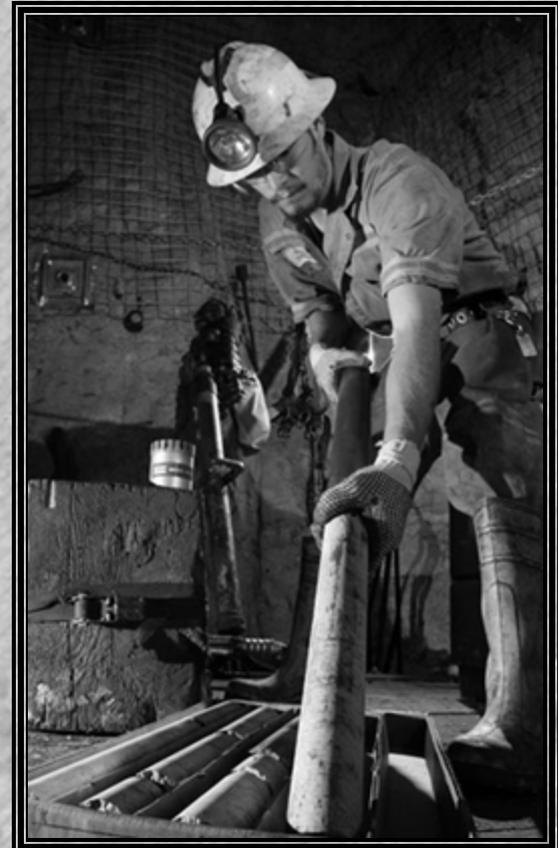
# Butte Highlands Gold Project Activities

- ? 2007 Timberline Acquired Property
  - ? Initiated Surface Drilling
  - ? Drilling Focused on Resource Definition
  - ? Groundwater Hydrology
  - ? Waste Characterization
- ? 2008 Drilling Program
  - ? Resource Definition
  - ? Hydrologic Model
  - ? Metallurgical Samples
- ? 2009 Drilling Program
  - ? Resource Definition
  - ? Hydrologic Model
  - ? Groundwater Monitor Wells
- ? 2010 Development
  - ? Ramp & underground drilling



# Butte Highlands Gold Project Permitting

- ? DEQ Approved Underground Evaluation Program
- ? USFS Approved Road Use Permit
- ? DEQ Approved Air Quality Permit
- ? Patented Mining Claims
  
- ? Exploration / Evaluation Program
  - ? 6,700 Ft. U/G Development
  - ? 60,000 Feet of Drilling
  - ? 10,000 Ton Bulk Sample
  - ? Hydrology/Geotechnical
  
- ? Operating Permit Application
  - ? Submitted April 2010



# Butte Highlands Gold Project Geologic Resource

- ? Orvana Identified Resource (pre-NI 43-101 Classification)
  - ? Measured & Indicated – 583,253 tons @ 0.335 opt
  - ? Inferred – 1,259,263 tons @ 0.268 opt
  
- ? Major Drill Intercepts
  - ? 49.8 ft. @0.65 opt, 11.5 ft. @1.99 opt, and 31 ft. @1.06 opt
  
- ? Updated Mineralized Material (SEC Classification)
  - ? Measured & Indicated – 1,152,111 tons @ 0.28 opt
  - ? Inferred – 1,715,711 tons @ 0.25
  
- ? Total Mineralized Material
  - ? 2,867,822 tons @ 0.27 opt
  - ? 758,946 ounces of Gold

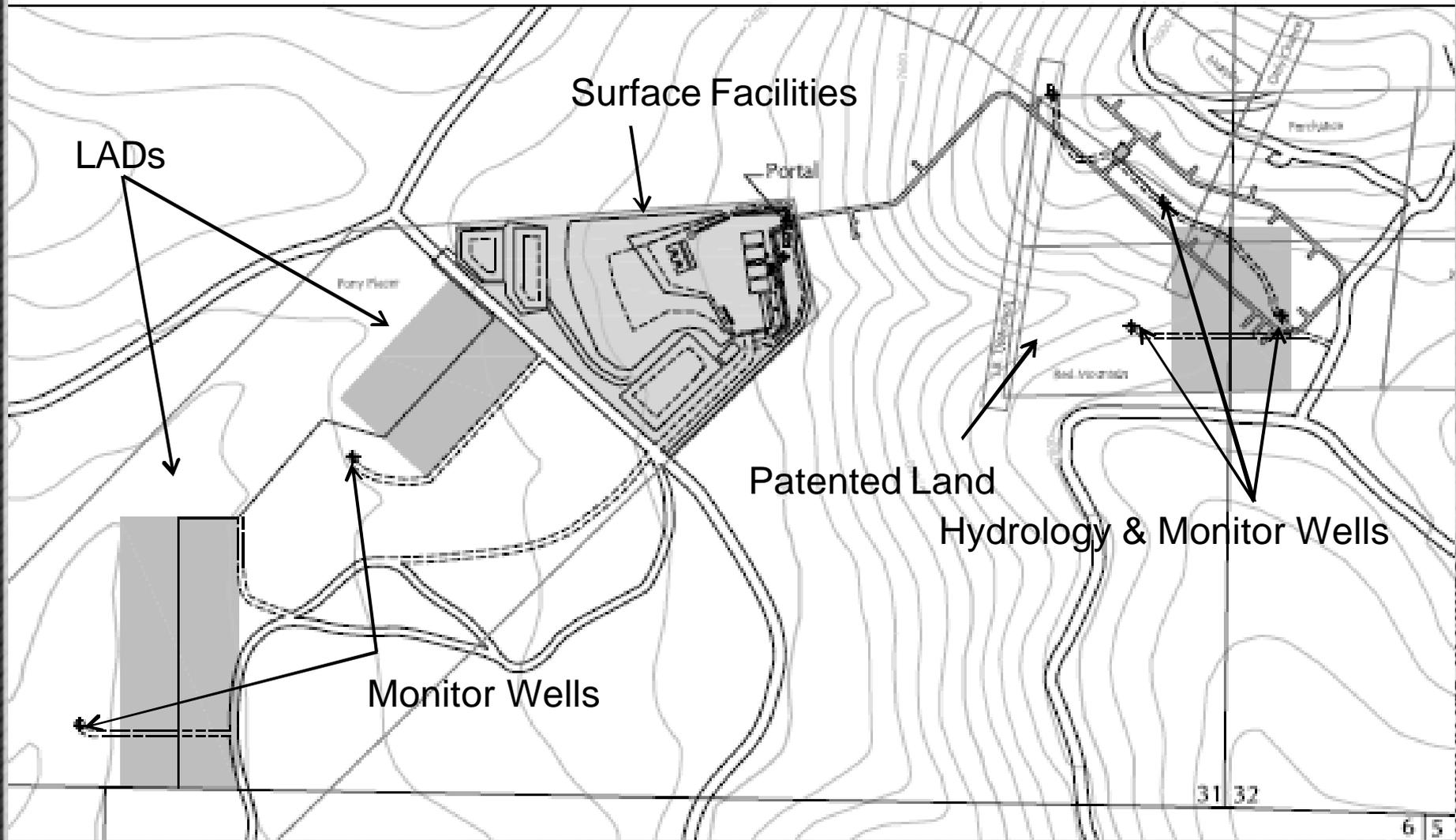
# Butte Highlands Gold Project Description \*

- ? Underground Mine
- ? Cut/Fill Mining Method
- ? Cemented Rock Fill
- ? 750 - 800 tons per day
- ? Average Grade – 0.27 opt
- ? Annual Production estimated to be 50,000 - 75,000 ounces
- ? 10-Year Mine Life
- ? Estimated cost of \$450 / oz.
- ? Toll Milling



\* Preliminary description is subject to change

# Butte Highlands Gold Project Layout



# **Butte Highlands Gold Project Schedule \***

- ? Site Facilities Constructed – Oct. 2009 – Feb. 2010
- ? Collar Portal Completed – Oct. 2009
- ? Underground Ramp Commenced – Feb. 2010
- ? Submit Hard Rock Operating Permit Application – Apr. 2010
- ? Begin underground drill program – Jul. 2010
- ? Extract bulk sample – Jan. 2011
- ? Gold Production - 2011

\* Project schedule is subject to change

# Butte Highlands Gold Project



# Butte Highlands Gold Project



# Butte Highlands Gold Project



# Long Live Butte Highlands Gold Thank You

