

Timberline Resources Corporation Is An Aggressive Exploration And Development Company, Focused On Advanced-Stage Precious Metals Properties, Led By A Team Of Successful Exploration And Mining Veterans With Cash Flow Provided By Their Wholly-Owned Timberline Drilling Subsidiary

Resources
Gold
(TLR-AMEX, TBR-TSXV)

Timberline Resources Corporation

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Randal Hardy
Chief Executive Officer

BIO:

Mr. Hardy has over 20 years of experience in precious metals exploration, mining, and manufacturing. Before joining Timberline, Mr. Hardy was the President and CFO of a public exploration company, and prior to that was President and CEO of Sunshine Minting, Inc., a precious metals custom minting and manufacturing firm. He has also served as Treasurer of the NYSE-listed Sunshine Mining and Refining Company where he participated in raising and managing over

\$60-million in debt and equity financing. Mr. Hardy has a Business Administration degree from Boise State University and has earned certifications as a Certified Management Accountant and Certified Cash Manager.

Company Profile:

Timberline is a U.S.-based exploration/development company with a focus on advanced-stage precious metals properties. The Company's management team has a solid track record of achievement in building successful companies and discovering, exploring, and developing economic mineral deposits. Currently, Timberline is executing an aggressive exploration program at its South Eureka Property, a large drill-tested and highly prospective property in Nevada's Battle Mountain - Eureka gold trend. In addition, Timberline has two other business units. The Company has a 50% carried-to-production interest at the Butte Highlands Joint Venture which is currently in development and targeted to begin gold production in 2011, where the Company is also undertaking additional surface drilling to test the extent of the mineralized zone. Timberline also has a wholly-owned subsidiary, Timberline Drilling, which provides cash flow to the Company from its underground and surface drilling operations at operating mines and advanced development and exploration projects.

Timberline is listed on the NYSE Amex where it trades under the symbol "TLR" and on the TSX Venture Exchange where it trades under the symbol "TBR".

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Hardy, you have several areas of operation; what is the focus at Timberline Resources?

Mr. Hardy: The best way to describe Timberline Resources is as a gold exploration and development company that is focused on acquiring and developing properties in mining-friendly locations. While we have other operations, at heart we are an exploration company focused primarily on gold. Our Vice President of Exploration and Executive Chairman is Paul Dirksen, an exploration geologist who has had very good success in the past identifying and then evaluating and advancing projects that have become operating mines. Our primary exploration property is a property in Nevada called the South Eureka property, and we are moving forward on it. One of the other operations that we have is a joint venture that is moving into production on an underground gold mine that is just outside of Butte Montana. We also own a drilling company that provides revenue and cash flow. They provide contract core drilling services for the mineral exploration and mining industry in North America.

CEOCFO: Most exploration companies tend to stick to exploration; how did Timberline get involved drilling?

Mr. Hardy: Back in 2006, while our business model was to be a gold exploration company, we were not comfortable with the normal model of exploration companies where they have to continually go to the markets and dilute their shareholders by selling more stock in order to

fund exploration - until they make a big discovery or take something into production when they start to have cash flow. So what we wanted to do was basically provide cash flow to the company from internal sources that could fund exploration, but that would not require dilution. While looking at different companies that might be able to provide that cash flow, we had the opportunity to purchase a drilling company. Obviously, it is part of our industry and so strategically, it made sense for us. We have operated that company as a separate subsidiary and have been able to have priority access to drill rigs and to use the cash flow from that company for exploration.

CEOCFO: Sounds like a good plan! Would you tell us more about the exploration in Eureka and what you like about that particular property?

Mr. Hardy: We acquired the South Eureka Property as part of our acquisition of Staccato Gold Resources, a Canadian company that we acquired just this summer. The South Eureka property is one of the largest undeveloped exploration properties in Nevada. It is about twenty-three square miles, and there are a number of historic mining areas and other exploration targets that provide a lot of potential or "blue sky" for exploration. The primary project on the South Eureka Property is the Lookout Mountain Project. Previous work there has identified a gold resource that has been reported in excess of 800,000 ounces. As a part of our due diligence in doing the acquisition and then following up on that, we are doing some work now to confirm that. It may not be exactly that amount, but we are fairly certain that there is a considerable resource there that we can follow up on and that we can build and grow on. We are very excited about that property, not only for the existing resources there, but there are a number of areas that have had some exploration that need follow-up, and we are going to do that. That is how we add value to properties and we are excited. We have an aggressive exploration program that is going on there right now.

CEOCFO: Timberline is doing have a joint venture with the mining project, do you typically work on the production as well or does that depend on what properties you are with?

Mr. Hardy: Our basic model is that we explore a property and then look to see the best way to further advance or monetize that project. It would not necessarily be us taking the project to production, although that is an option. There are actually some unique features about the Butte Highlands Gold Project over near Butte Montana that made it such that we thought it was a good project to take into production via a joint venture with an underground contract mining company. First of all it is almost all on patented mining claims. That means that everywhere we are working is on ground where

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- Randal Hardy

we own the real estate, and that actually makes permitting a bit easier. You obviously still have to permit through the state, but it makes it somewhat of an easier and shorter process to do. There are also mills nearby that are anxious to take feed, so we are not planning to build a mill, which eliminates the permitting and the cost of that. We are very familiar with the underground mine contractor named Small Mine Development or SMD. We did a joint venture with SMD whereby they earn a 50% interest in the project, but they fund the development of the project through to production. So they are doing the development, they are funding it all, and we don't have to put any more money into it, but we have a 50% interest in the joint venture. The development is going well, and they are doing a good job. They have done underground mining in

Montana and similar places before, so they are very comfortable there. We are very pleased to have them as a partner and very confident in their abilities to move forward with the mine. All those things transpired together to make this a project that we thought would be a good one for us to take into production via a joint venture. However, for future projects that may not always be the case. We may monetize projects by retaining an interest in a joint venture, or it may be through an outright sale or option agreement, or advancing the property to production.

CEOCFO: What are you looking at today; are you considering other acquisitions?

Mr. Hardy: Sure. We are always looking at other projects, properties and companies. There are a lot of undervalued prospects in the market. We are looking at some of them, but we are not in a hurry to do anything. We just have done this acquisition and are very excited to work on the property that we have down in Nevada. It is in the Battle Mountain - Eureka gold trend, just up the road about 4 miles away from a Barrick property, the Archimedes mine that has produced over 2 million ounces and is growing. So we know we are in the right area. It is what they call elephant country down there and we are glad to be there, so now we are focused on that project and on our joint venture. We are always open and getting prospects and evaluating other acquisitions.

CEOCFO: Do you prefer the US or is this opportunistic?

Mr. Hardy: I would say we prefer the US. We certainly prefer mining-friendly jurisdictions, and it is much easier for us to do business in the US. We are a US company; we do trade on the NYSE-Amex. So we are focused here in the US primarily because we feel like there are still opportunities here and it is easier and less expensive than going into foreign countries. So to the extent that we can still find good opportunities here, we will probably stay in the US in the near term.

CEOCFO: What is happening with the drilling company today?

Mr. Hardy: Our wholly-owned drilling subsidiary, Timberline Drilling, is doing quite well. In the United States we do all of the underground contract drilling for Newmont in Nevada and Newmont has increased their exploration and are really looking for new ore. That has increased our business with Newmont, so we have a number of drills working for them. We have a number of drills working at other properties as well with other companies. We also use our own drills on our properties. The drilling that we are doing down in Nevada - we are using our own drilling company. We are doing some exploration drilling over at our Butte Highlands project with our own drilling company, and they will be doing the underground drilling there beginning in about a month when we are doing the ore delineation drilling from underground.

The company is doing well, but it has obviously been a difficult time for exploration drilling in particular. While we do surface drilling as well, we have a niche in underground drilling, and because underground drilling is generally done in advanced development projects or mines that are operating, our business is a bit less impacted when the market goes into a tailspin like it did in 2008. The exploration money is usually the first money that dries up. We have a good team of people running it; we have done a lot of work

over the last couple of years in order to streamline the company and make it more profitable. We have had five good quarters in a row now and we are expecting to see that continue. So our drilling company is focused on keeping the business profitable, providing good cash flow, providing good customer service, and making sure we are the driller of choice when drilling projects come around.

CEOCFO: You recently have been added to the Russell Index; would you tell us about that and its affect on the company?

Mr. Hardy: It's nice to be part of an index such as the Russell Index. There are funds that buy the Russell Index in order to have exposure to a broad number of companies. We are in the Micro Cap Index, so we would certainly hope that would provide more exposure to our company and more buying. It is very difficult to quantify how that exactly influences the demand for our stock, but we certainly see times, for example yesterday, when our stock has an amazing run with very good volume. Does some of that have to do with being added to the Russell Index? It is very difficult to know, but it could be. So we are pleased that we are part of that index and hopeful we will continue that.

CEOCFO: In closing, why should potential investors pick Timberline Resources out of the crowd?

Mr. Hardy: We are a unique exploration company with a reduced risk profile when compared to other exploration companies. We focus on advanced-stage precious metals properties with the potential for adding value and advancing toward production. We have a team of people who have a history of success in exploration and mining, and we generate cash flow to invest in exploration. As I said before, Timberline is exploring for gold in a very prospective area of Nevada on a very large property package with multiple projects and an existing resource. We have a 50% carried-to-production interest in a joint venture on an underground gold mine that is targeted for production in 2011 in Montana. We also own a strategically important drilling company that provides us with drill availability and reduced exploration costs. We have these different elements to our company that I think help minimize some of the risk associated with exploration companies while still providing the 'blue sky' and potential for large returns that are expected in our industry. We are a gold exploration company, so for people that like to invest in a sector that has a lot of potential, we have minimized some of the risk of coming into that industry. We are also dual listed in the United States on the NYSE Amex under the symbol "TLR" and in Canada on the Toronto Venture Exchange under the symbol "TBR".

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