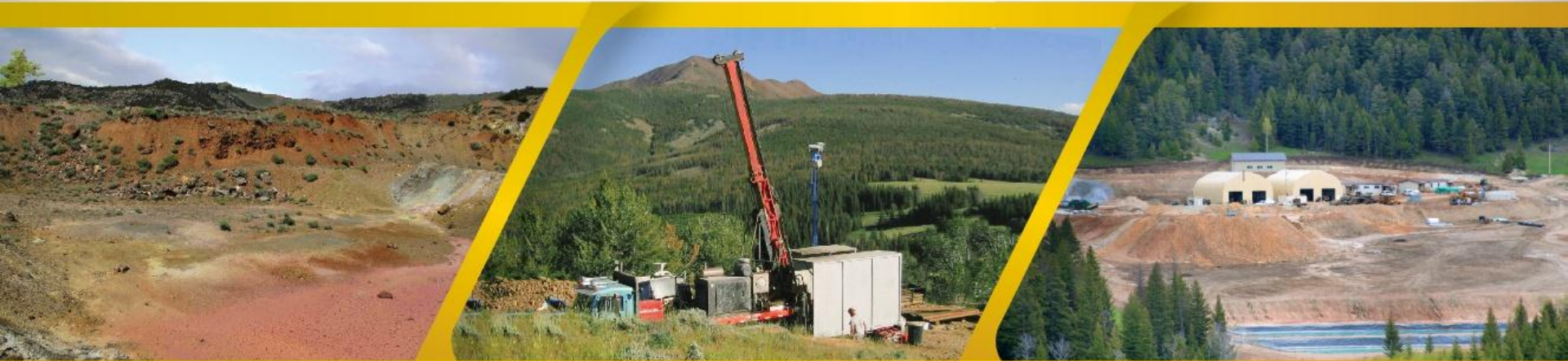


# **timberline** RESOURCES



## **Corporate Presentation**

**December 2010**

**NYSE Amex: TLR  
TSX-V: TBR**

# Forward Looking Statements

Statements contained herein that are not based upon current or historical fact are forward-looking in nature. Such forward-looking statements reflect the Company's expectations about its future operating results, performance and opportunities that involve substantial risks and uncertainties. These statements include but are not limited to statements regarding the Company's 50/50 joint venture with Highland Mining LLC, the development and production of the Company's Butte Highlands project and the development and production at the South Eureka Property, the targeted production date for the Butte Highlands project, results of the Company's drilling subsidiaries, possible growth of the Company and the Company's expected operations. When used herein, the words "anticipate," "believe," "estimate," "upcoming," "plan," "intend" and "expect" and similar expressions, as they relate to Timberline Resources Corporation, or its management, are intended to identify such forward-looking statements. These forward-looking statements are based on information currently available to the Company and are subject to a number of risks, uncertainties, and other factors that could cause the Company's actual results, performance, prospects, and opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, such factors, including risk factors, discussed in the Company's Annual Report on Form 10-K for the year ended September 30, 2010. Except as required by Federal Securities law, the Company does not undertake any obligation to release publicly any revisions to any forward-looking statements.

All mineral resource estimates contained in this document, including the terms "measured" "indicated" and "inferred" mineral resources, have been prepared in accordance with Canadian standards, and these standards differ significantly from the requirements of the SEC. U.S. investors are cautioned not to assume that all or any part of such mineral resources will ever be converted into SEC compliant reserves, or any part of an inferred mineral resource exists.

- **Incorporation – Delaware**
- **Corporate Office – Coeur d’Alene, Idaho**
- **Flagship Advanced-Stage Exploration Property**
  - **Lookout Mountain Project at South Eureka Property** in Nevada
    - Current aggressive exploration program
    - 544,885 ounces M&I, and 336,270 ounces Inferred
- **Investments**
  - **Butte Highlands Joint Venture** – 50% Carried-to-Production interest
    - Currently in development with production targeted in early Q1 2012
    - Internal estimate: 322,972 ounces gold M&I, and 435,974 ounces gold Inferred
  - **Timberline Drilling** – 100% subsidiary contract core drilling
- **Dual Listing – NYSE Amex: TLR and TSX-V: TBR**

- **South Eureka Property – Advanced-stage gold projects in Nevada**
  - Early expected positive Preliminary Economic Assessment (PEA) on Lookout Mountain Project – Q2 2011
  - Substantial upside potential on other exploration targets at South Eureka
- **Butte Highlands Joint Venture – 50% Carried-to-Production interest (Fully financed)**
  - 60,000 ozs annual gold production targeted to commence early Q1 2012
  - Production infrastructure in place
  - \$17M estimated attributable annual income @ \$1,000 gold price
- **Management and directors with proven track records**
- **Excellent liquidity in stock with active trading**
- **Large retail base of shareholders**

- Focus on **acquiring and developing** advanced-stage precious metals properties in mining-friendly locations
- **Add substantial value** with aggressive exploration
- **Monetize projects** by retaining an interest – joint venture, outright sale, or option or royalty agreement
- In appropriate circumstances, advance property to **production**
- Provide transparency with regular **communication**, and early news and results





**Paul Dircksen**, Executive Chairman, VP of Exploration

- Over 35 years in exploration, development, and mining
- Team member on 7 discoveries/acquisitions leading to production
- Senior management positions with Brett Resources, Bravo Venture Group, Orvana Minerals, Lacana Gold, and the Cordex Syndicate



**Randy Hardy**, CEO, CFO

- Over 20 years of experience in precious metals exploration, mining, and manufacturing
- Successfully expanded the largest private precious metals mint in the United States
- Senior management positions with HuntMountain Resources, Sunshine Minting, and Sunshine Mining and Refining Company

# Board of Directors



**Paul Dircksen** – Chairman



**Ron Guill** – Over 27 years as founder, owner, and general manager of Small Mine Development (“SMD”), underground mine contractor throughout western United States



**Randy Hardy** – Director



**Eric Klepfer** – Over 23 years of experience in the mining industry, serving in environmental, engineering and management positions. Senior positions with Placer Dome, Newmont Mining and Coeur d’Alene Mines



**Robert Martinez** – Metallurgical engineer with over 35 years experience in mining project development and management. Senior positions with Metallica Resources Inc., Zacoro Metals, Amselco, and Coeur d’Alene Mines



**James H. Moore** – Over 30 years experience of financial management in mining, and CFO of Mines Management Inc. Senior positions with Idaho General Mining, RAHCO International Inc., Barrick Gold, and Mobile Oil Energy



**David Poynton** – Over 30 years legal and business experience in mining and exploration working with law firms, E&Y LLP, Iberian Minerals, Timberline Resources and Cadillac Ventures



**Vance Thornsberry** – Geologist with over 35 years in mining and exploration. Senior positions with Northland Resources and Inspiration Development Company. Consulted with Beartooth Mining, Romarco Minerals and Thunder Mountain

# Financial / Capital Structure

<b>Key Financial Data</b> (US\$ millions) As of September 30, 2010	
Cash and Cash Equivalents	\$4.6
Working Capital	\$2.8
Total Assets	\$31.3
Long-term Debt <sup>(1)</sup>	\$6.8
Stockholder's Equity	\$19.4

<b>Market Information</b>	
Recent Price (US\$)	\$1.02
Range (US\$)	\$0.73 - \$1.47
Average Daily Volume (3 mos.)	468,700
Market Capitalization (US\$)	\$57 million

<b>Capital Structure</b> As of September 30, 2010		<b>Average Price</b> <b>(US\$)</b>
Common Shares <sup>(2)</sup>	55.6 M	
Convertible Debt <sup>(3)</sup>	3.3 M	\$1.50
Total Options	6.2 M	\$0.96
Total Warrants <sup>(4)</sup>	8.1 M	\$3.00
<b>Fully Diluted</b>	<b>73.2 M</b>	

Notes:

- \$5.0 million of convertible debt at \$1.50 to Small Mine Development and \$1.8 million of building and equipment debt at Timberline Drilling
- 5%+ reported shareholders: Ron Guill – 9.9%
- \$5.0 million of convertible debt at \$1.50 to Small Mine Development
- 6.4 million warrants at \$3.50 expiring in July & August 2011 and 1.7 million warrants at \$1.75 expiring in November 2011

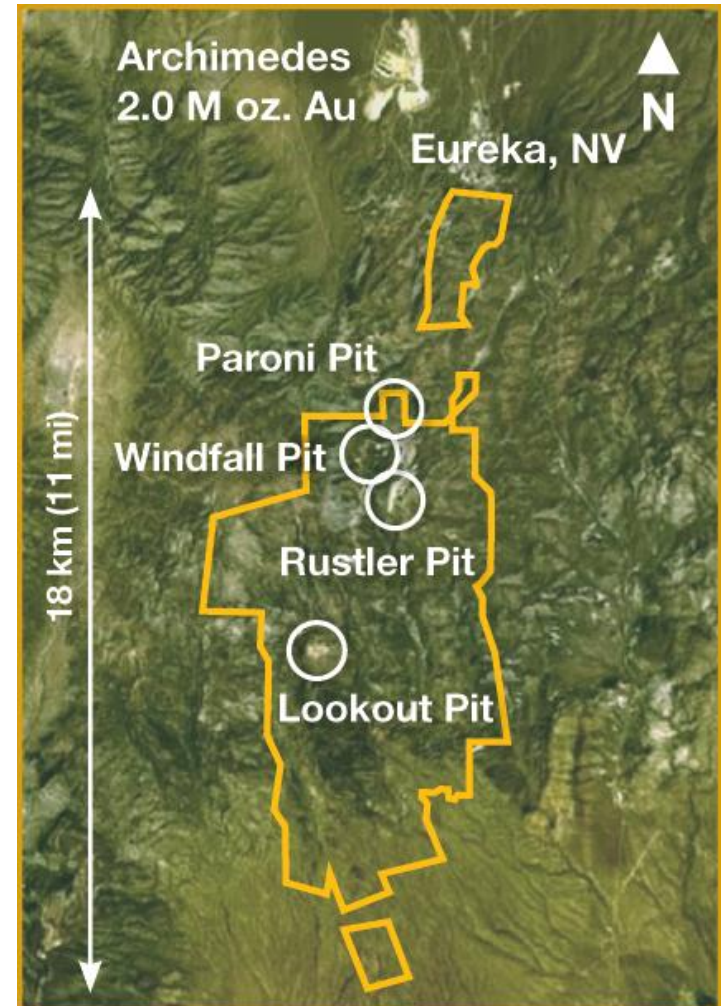
# South Eureka Property

- **South Eureka Property – Nevada**
  - South end of the prolific gold producing **Battle Mountain/Eureka trend**
  - Advantageous mining jurisdiction
- **One of the largest undeveloped exploration properties in Nevada**
- **Existing reported gold resource at Lookout Mountain Project**
  - Metallurgical characteristics amenable to low cost heap leach operation
- **Excellent potential** for exploration and near-term gold production



# South Eureka Property (cont'd)

- Approximately 15,000 acres (**23 mi<sup>2</sup>**)
- Large gold system defined at **Lookout Mountain**
- **Multiple exploration targets** being tested
  - Windfall-Hoosac, South Ratto Ridge, Secret Canyon-Hamburg Ridge, New York Canyon
  - Results expected in Q1 2011
- **4 former open pit** mines
- Excellent **upside exploration potential**
- **Barrick's Archimedes** / Ruby Hill Mine located ~ **4 miles north**

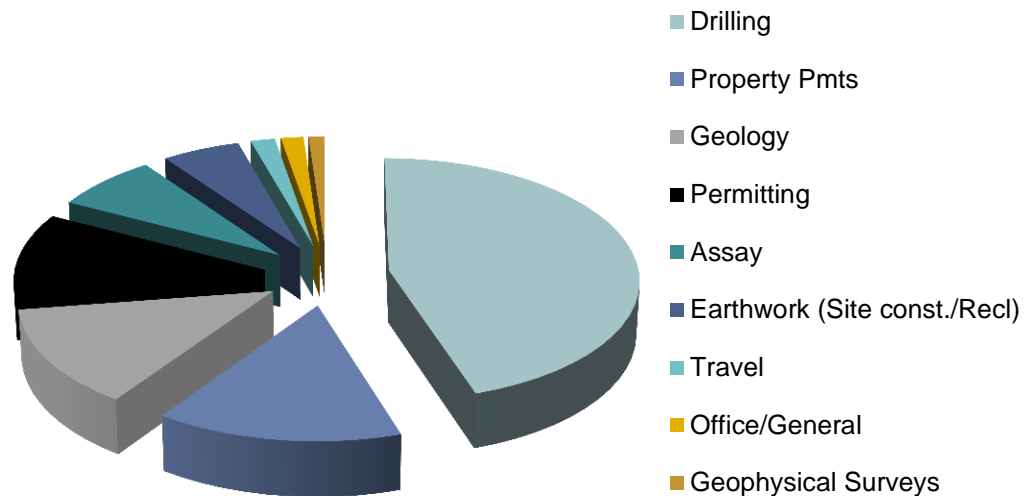


- **Acquired in 2010 for \$17.54 per ounce of gold resource**
- **NI 43-101 reported gold resource**
  - 544,885 ounces M&I, and 336,270 ounces Inferred
- **Aggressive exploration program underway for early results**
  - 30,000 feet of RC drilling
  - 5,000 feet of core drilling
  - Metallurgical testing
  - Geochemistry and geophysics
- **Updated NI 43-101 Resource Report targeted for March 2011**
- **Preliminary Economic Assessment (PEA) targeted for Q2 2011**

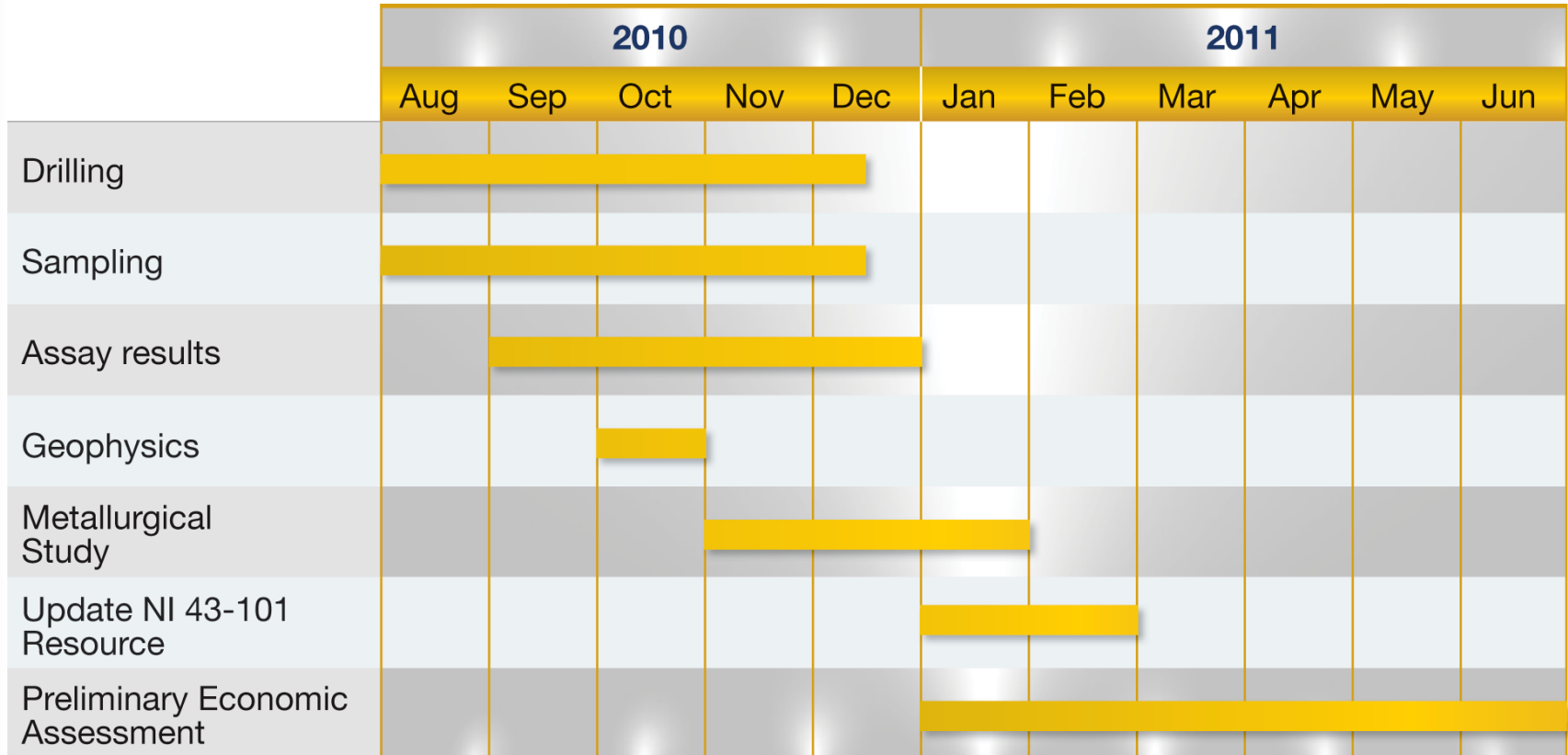
## ➤ Exploration Program

- 30,000 feet of RC drilling
- 5,000 feet of core drilling
- Geotechnical / Metallurgical study
- Mapping and Sampling
- Geochemistry
- Geophysics

## \$2.2 million Budget Breakdown

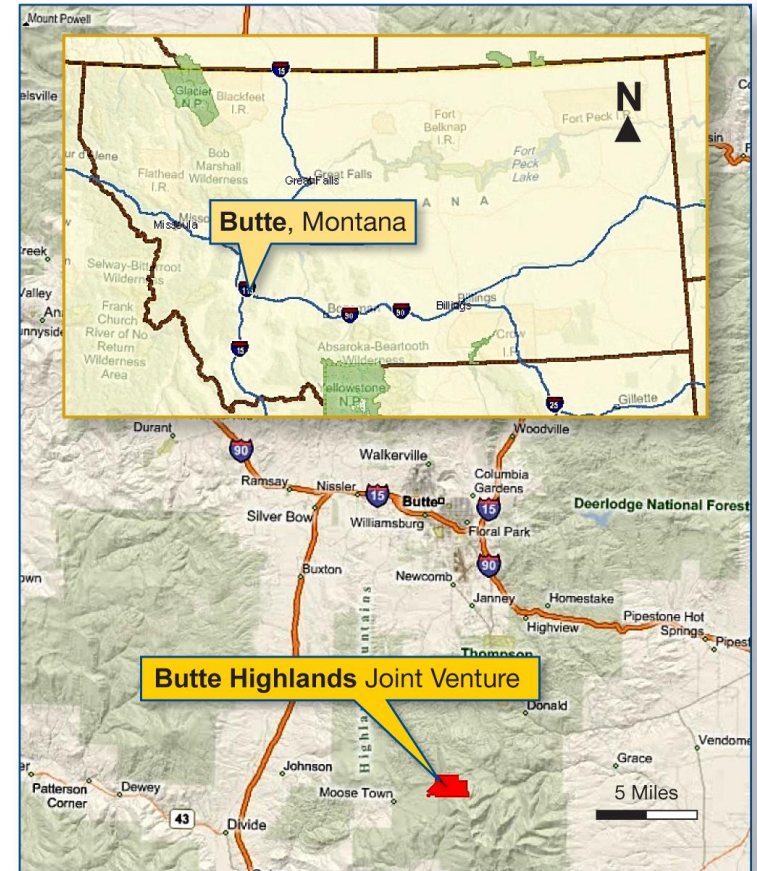


# Lookout Mountain Timeline



# Butte Highlands Joint Venture, Montana

- **Gold development project** approximately 15 miles south of Butte, Montana
- Prolific gold mining region known for **world-class deposits**
- **Estimated gold mineralization** of 322,972 ounces M&I, and 435,974 ounces Inferred
- Acquired for **\$1.25 per ounce** of gold mineralization
- Average gold grade – **0.27 opt**
- Underground mine – cut and fill method - **750 tons per day** production
- Annual gold production of **60,000 ozs.** with projected 10-year mine life
- Estimated cash cost – **\$450/oz.**



- **50% Carried-to-Production interest in JV with Small Mine Development**
- **Production targeted in early Q1 2012**
- **Exploration permit granted for underground development, drilling, and site infrastructure construction**
- **Development commenced in 2010**
  - 6,700' underground ramp
  - 60,000' of underground RC and core drilling
  - 10,000 ton bulk sample
- **Application submitted for Hard Rock Operating permit – Permit Expected Q4 2011**
- **No material permitting or regulatory impediments to advance production**

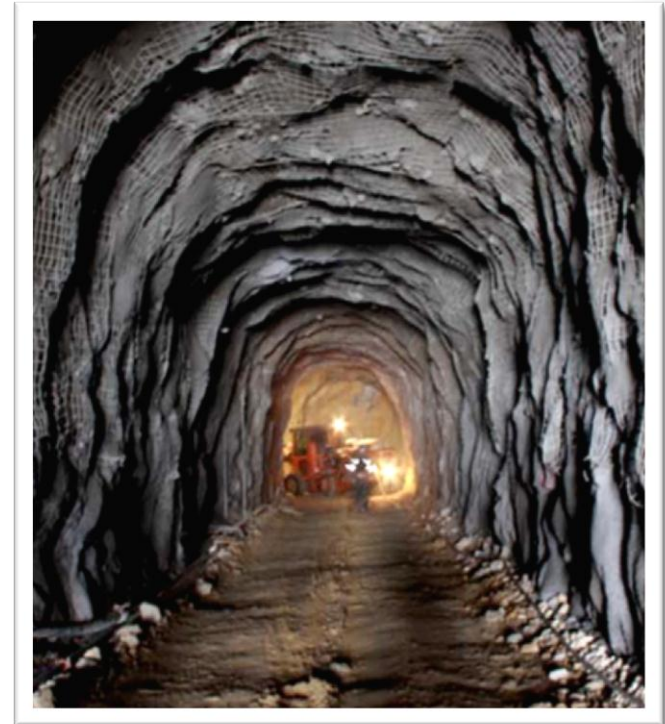
# Butte Highlands – Economics

## Estimated Parameters

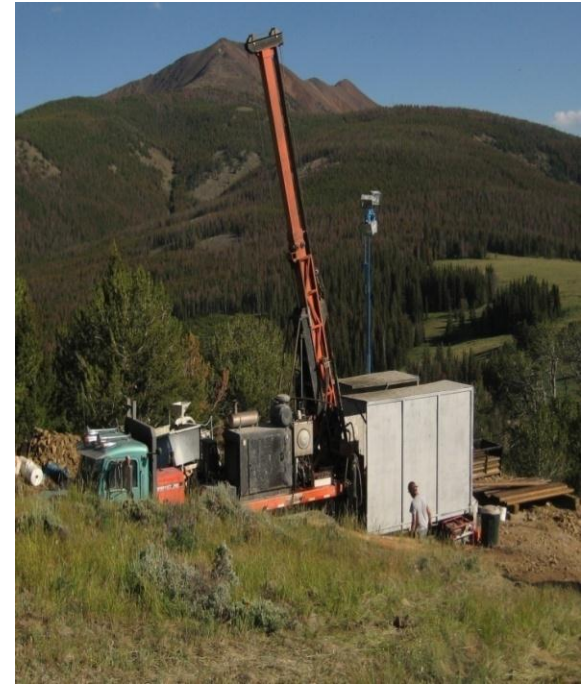
Measured & Indicated (tons @ 0.28 opt)	<b>1,152,111</b>
Inferred (tons @ 0.25 opt)	<b>1,715,711</b>
Ore Tons	<b>2,867,822</b>
Ore Grade (oz/ton)	<b>0.270</b>
Resource (oz/Au)	<b>750,000</b>
Production Rate (tons/day)	<b>750</b>
Annual Ore Tons	<b>262,500</b>
Mill Recovery	<b>88%</b>

## Estimated Annual Economics @ \$1,000/Ounce Gold

Revenue		<b>\$62,370,000</b>
Mining Cost	\$40 / ton	<b>(10,500,000)</b>
Transportation	\$12 / ton	<b>(3,150,000)</b>
Milling	\$45 / ton	<b>(11,812,500)</b>
Overhead	\$10 / ton	<b>(2,625,000)</b>
Net Income		<b>\$34,282,500</b>
<b>Timberline Share</b>	<b>50%</b>	<b>\$17,141,250</b>

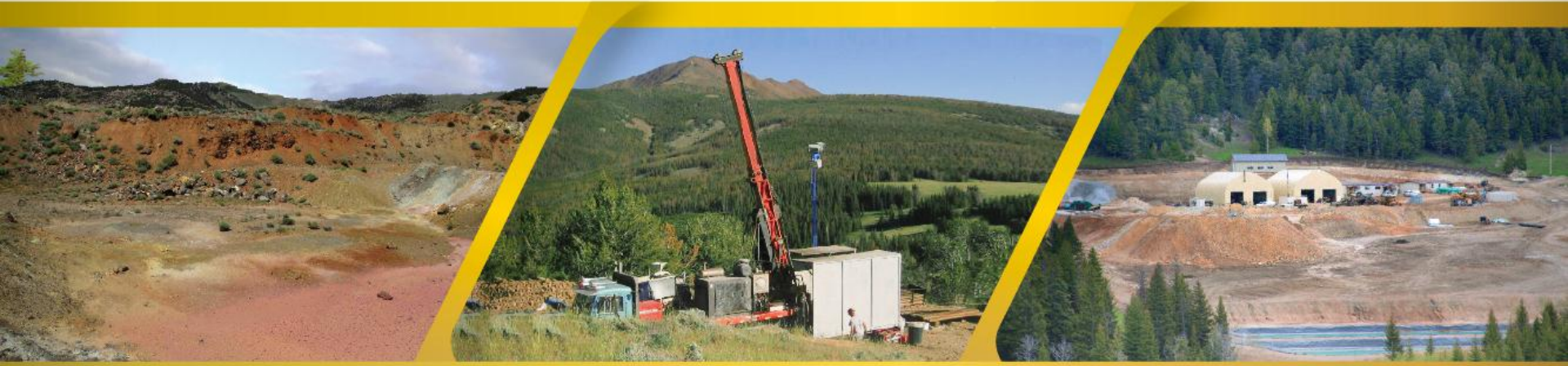


- **100% owned** contract diamond drilling company
  - **25 rigs** in Nevada and Western U.S.
- **Strategic importance** for drill availability and reduced exploration costs for Timberline
- Specialize in underground **core drilling** for major companies at active mine and development projects
- Management team focused on **safety, customer service, and profitability**
- World-class mining and development clients
- Revenue over US\$21 million in FY2010 with **positive cash flow**



- Aggressive exploration program to **validate resource and potential upside at Lookout Mountain**
- **NI 43-101 Resource Report** for Lookout Mountain targeted for Q1 2011
- **Test blue sky** at South Eureka Property (4 other targets)
- Release **early news and results**
- Q3 2011 Lookout Mountain **Preliminary Economic Assessment** release
- Butte Highlands commences **gold production in early Q1 2012**
- Timberline Drilling continues emphasis on **safely generating positive cash flow**
- Continued **Marketing** efforts
- Focus on **global capital markets** and investors
- Actively seek **additional acquisitions** by mid-2011

- ▶ **Focused Gold Exploration and Development**
- ▶ **Flagship South Eureka Property Includes Substantial Project Pipeline**
- ▶ **Early Results with Significant Upside**
- ▶ **Butte Highlands – \$17M Target Annual Income**
- ▶ **Timberline Drilling – Drill Availability and Income**
- ▶ **Proven Track Record**
- ▶ **Current and Future Positive Cash Flow**



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# Properties – Recorded Resources and Production from Eureka

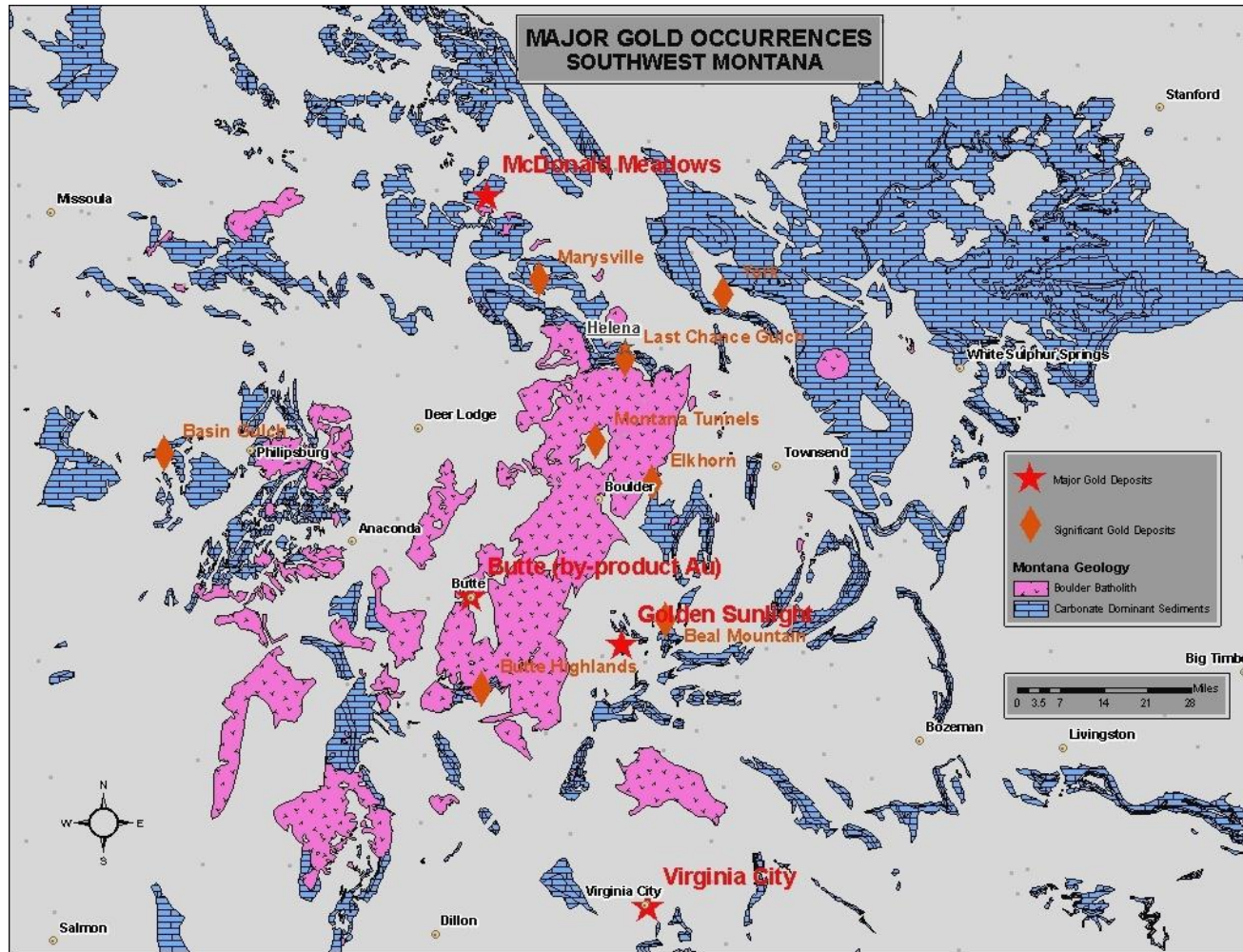
## Historic Production (1856 to 1964)

Base metal Ore	Tons	Gold (ozs.)	Silver (ozs.)	Copper (lbs)	Lead (lbs)	Zinc (lbs)
Eureka District Total*	1,989,912	171,965	4,030,815	2,084,360	365,844,825	14,387,791
Secret Canyon District	33,958	with a gross yield of \$7,722,840 (1940 dollars)				
Resources - Fad Shaft	3,132,500	501,200	17,698,625		231,805,000	519,995,000
			21,729,440		597,649,825	534,382,791
<b>Totals from Base Metal Deposits</b>	<b>5,156,370</b>	<b>673,165</b>	<b>21,729,440</b>	<b>2,084,360</b>	<b>597,649,825</b>	<b>534,382,791</b>

\*Note: Nolan and Hunt (1967) State production from years prior to 1900 are not clear. Production records suggest metal content and tonnage to be much higher. Figures from the USBM and USGS are from 615,000 to over 1.6 million ozs. Au, 39 million ozs. Ag, 615 million lbs. Pb.

Sediment Hosted Gold Production	Tons	Gold (ozs.)	Silver (ozs.)	Copper (lbs)	Lead (lbs)	Zinc (lbs)
Windfall						
Historic Production (pre -1950)	65,000	23,920				
Recent Production (post 1970)	3,000,000	90,000	Average grade of 0.031 opt gold			
Rustler		50,000	Records not clear			
Paroni		30,000	Records not clear			
Lookout Mtn.	400,000	27,000				
West Archimedes	5,500,000	821,000	Average grade of 0.159 opt gold			
<b>Sediment Hosted Gold Resources</b>						
East Archimedes	17,000,000	1,003,000	Average Grade 0.059 opt Au.			
Lookout Mountain	21,724,350	801,748	Average Grade of 0.037 opt Au (43-101 2007)			
	23,970,000	619,000	Average Grade 0.026 opt Au (Mathewson (2006) Estimate)			
<b>Totals from Sediment Hosted Gold</b>	<b>47,689,350</b>	<b>2,846,668</b>				
<b>Total Contained Gold (produced/resources)</b>		<b>3,519,833</b>				

# Properties – Butte Highlands Regional Setting



# Properties – Butte Highlands 3D View of Deposit

