



THE LEGACY OF STIBNITE WATER QUALITY & THE CWA LAWSUIT

HISTORY OF STIBNITE

- After 100 years of mining activity in the head waters of the East Fork of the South Fork of the Salmon River, many environmental legacies remain at Stibnite today. The river flows directly into an abandoned mining pit, blocking anadromous fish from reaching spawning grounds. Multiple tunnels and pits were excavated. A mill and smelter operated on site for years. Abandoned tailings were deposited on the valley floor, unlined and covered with spent heap leach ore. These tailings and other legacy mining wastes continue to negatively impact ground and surface water quality. (*See: Midas Gold Idaho, Plan of Restoration and Operation (PRO); Section 4*)
- Some limited clean up actions have occurred at site under the direction of Federal and state agencies; however, no recourse remains for additional clean up actions and much work still needs to be done.
- Starting in 2000, the U.S. Government and prior private operators at Stibnite began negotiating and executing a series of agreements under CERCLA (Comprehensive Environmental Response, Compensation and Liability Act) attempting to permanently settle with past operators and other responsible parties (including federal agencies) committing the EPA (Environmental Protection Agency) to not sue the settling parties. After the last settlement in 2012, the site was left with 10.5 million tons of spent ore and tailings in unlined facilities, an open pit blocking fish passage, and many other environmental problems in the watershed.
- Midas Gold began its due diligence at the site in 2009 and initiated extensive studies to design a mining project that addresses environmental problems at site through the private capital provided by modern mining.
- Midas Gold did not create the problems at Stibnite. We have not actively mined or conducted any work that would have caused water quality concerns at Stibnite. Our actions have been limited to studying the site to prepare the plan for the Stibnite Gold Project.
- In 2016, Midas Gold submitted the Plan of Restoration and Operations for the Stibnite Gold Project to the U.S. Forest Service. The plan was designed to use the resources and expertise of modern mining to restore the abandoned legacies degrading water quality and the environment today.
- Midas Gold wants to be part of the solution and are the only ones with a plan and the potential resources to clean up Stibnite.

WATER QUALITY AT STIBNITE

- During Midas Gold's due diligence and investigation of the historical Stibnite Mining District, the site investigations showed troubling levels of arsenic and antimony in ground water. Based on data collected by Midas Gold, arsenic and antimony levels in groundwater at some locations on the Stibnite Gold Project site are much higher than levels of naturally occurring arsenic nearby. In some cases, arsenic levels have been recorded as 752 times higher than standards set for drinking water.
- We have submitted the findings of our water quality monitoring to our regulators.

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- One alluvial monitoring well, which is just a few hundred feet from the East Fork of the South Fork of the Salmon River, has measured alarmingly high total arsenic concentrations; typically ranging from 3,000 to 6,000 µg/L and as high as 7,520 µg/L from a sample gathered in Q2 2017.
 - For comparison, the highest arsenic recording at well A19 is *22 times higher* than the CMC Acute Aquatic Life Standard of 340 µg/L, *50 times higher* than the Chronic Life Standard of 150 µg/L and *752 times higher* than the Drinking Water Standard.
 - It is unclear why these elevated arsenic levels were measured at this alluvial groundwater monitoring well, however, its location is downgradient of a legacy repository for hazardous material constructed by the Forest Service in the early 2000s. Other potential sources of the elevated arsenic and antimony in ground and surface water at the Site may also include naturally occurring, *in situ* mineralized rock, as well as development rock, spent ore, and milled tailings from historical mining operations.
 - These groundwater readings come from an area of the site that is not contemplated for clean up or operation activities in the Plan of Restoration and Operations as submitted to the USFS by Midas Gold. However, the AOC discussed below may provide the opportunity to improve groundwater quality in this area of the Stibnite site.
- Additional monitoring wells have also consistently measured elevated levels of arsenic and antimony in the Meadow Creek valley in downgradient locations from the Spent Ore Disposal Area (“SODA”). Alluvial groundwater sampled regularly show high arsenic concentrations of 1,000 – 3,000 µg/L; and another groundwater well consistently shows elevated antimony concentrations of 600-1,600 µg/L.
 - This is an area of site where tailings from milling operations were specially permitted by the federal government for disposal in an unlined facility on Forest Service land during World War II and the Korean War, some of which area was subsequently patented.
 - In the proposed Plan of Restoration and Operations for the Stibnite Gold Project, Midas Gold identified activities to reduce sources of arsenic and antimony and improve ground and surface water quality.
 - Midas Gold has proposed removing approximately 3 million tons of legacy tailings from unconstrained and unlined historical deposit areas in the SODA area to be reprocessed and disposed of within a fully engineered, composite-lined tailings storage facility (“TSF”).
 - Additionally, approximately 7.5 million tons of legacy spent ore would be removed from their historical deposit areas in the Meadow Creek valley to be reused in construction of the TSF.
- With levels of antimony and arsenic this concerning, we did more than report the data. We began asking officials within the EPA for permission to take early action, even before mine construction began, to bring improvements to water quality at Stibnite; this request was initiated over two and a half years ago.

LAWSUIT BY NEZ PERCE TRIBE

- We have long shared the Nez Perce Tribe’s concerns over water quality in the Stibnite Mining District and have long been aware of the site’s historically degraded water quality. Midas Gold began designing permanent



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solutions to these issues back in 2011 and commenced the process of permitting these solutions in September 2016. As part of its good faith engagement process, Midas Gold reached out and, through an agreement with the Tribe, shared extensive technical, water quality and other information with the Tribe over the past several years, with the objective of developing a collaborative approach to site restoration.

- Unfortunately, the Nez Perce Tribe notified us of their intent to launch a lawsuit in June of 2019 and filed suit in August of 2019.
- In our response to the lawsuit, Midas Gold stated that we have never mined at site and that the water quality issues alleged in the case are the result of a long history of past, largely unregulated, mining activity. We reiterated our willingness to be a part of the solution and our commitment through the Stibnite Gold Project to design and implement a billion-dollar private investment to prioritize opening fish passage and relocating, removing and reprocessing contaminants that pose a threat to ground and surface water.
 - Midas Gold did not create the problems at Stibnite. We have not operated a mine on the site or conducted any work that would have caused water quality concerns at Stibnite. Our actions have been limited to studying the site to prepare the plan for the Stibnite Gold Project.
 - We have a long track record of reaching out to the Tribe to have meaningful conversations about finding solution to fish passage and legacy water quality concerns at Stibnite. We believe the input of Idaho's tribes is critically important, both in their role as a natural resources damages trustee and because of the essential interests, perspectives, and expertise they hold in resource preservation.
 - While the Stibnite Gold Project is designed to address the legacy problems facing site, when our testing uncovered such high levels of arsenic and antimony, we felt it was important to work with regulators to identify immediate actions for the contaminated water. We began discussions with our regulators on a long-term solution in 2017 but need their permission to act before we can undertake these proposed actions.
 - The Nez Perce filed the lawsuit in 2019—long after we offered to our regulators to be a part of the solution to a problem we didn't create. From the very beginning of the lawsuit, we have made it clear that we share the common goal of seeing the site cleaned-up and we are ready and willing to act – we simply need a regulatory framework and permission.
 - We continue to believe that this is a matter best resolved around the negotiating table with tribes and regulators rather than in the courtroom. Before the lawsuit was filed, we were working tirelessly with the Environmental Protection Agency, Idaho Department of Environmental Quality, U.S. Forest Service and the Shoshone-Bannock Tribes to put together a binding agreement that would allow Midas Gold to address the areas of concern in the lawsuit and do even more to help the abandoned legacies at Stibnite.
 - We have made significant progress in identifying the terms of an agreement under existing CERCLA policy and hope that a process now entering its third year can conclude to the benefit of cleanup and future environmental protection at Stibnite.