

Data Submitted (UTC 11): 10/26/2020 6:00:00 AM

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Comments: We are writing as the President and CEO of Midas Gold Corp. (MGC) and the President and CEO of Midas Gold Idaho, Inc. (MGII), the company that submitted its Plan of Restoration and Operations (PRO) for the Stibnite Gold Project (SGP or Project) to the U.S. Forest Service (USFS) and other agencies in September 2016. The purpose of our letter is to address key issues raised in the Draft Environmental Impact Statement (DEIS) on the SGP that was published by the USFS as lead agency, on August 18, 2020.

Firstly, we compliment the USFS on the comprehensive analysis completed on the Project in the DEIS.

Secondly, we also commend the USFS for the innovative virtual open house that is available 24/7 for the entire 75-day comment period, which is a considerable improvement over the one-day open house in a few communities. Thirdly, we believe that there are certain key issues that arise related to alternatives, economic benefits, employment, and transportation risks and impacts where we can cut to the bottom line and draw some clear conclusions.

In brief, and as summarized in more detail below, I believe that Alternative 2 is the action alternative that the USFS should select as the Agency's Preferred Alternative because, on an overall basis, it provides the best environmental outcome, the lowest technical and public safety risks, and the best economic consequences for both the companies and the communities.

SEE LETTER SUBMISSION: Table "Comparing Action Alternatives' Environmental Benefits"

While not listed above, Alternative 5, the No Action Alternative, does not meet either the companies' or the USFS' Purpose and Need of the Project, nor is it allowable under the 1872 General Mining Law, and would eliminate a substantial economic and employment boost to Valley County, the region, the State of Idaho and the Nation. It would also leave the USA vulnerable to continued supply risk for a critical mineral, antimony, and is therefore not aligned with the U.S.'s national interest.

Alternatives Analysis

The USFS provided detailed analysis of four action alternatives (Alternatives 1 through 4) and a required no action alternative (Alternative 5). Based on the analysis in the DEIS, it is a fairly straightforward conclusion that Alternative 2 should be selected as the Agency's Preferred Alternative, out of the four action alternatives.

[bull] Alternative 1 was based on the PRO as submitted by Midas Gold and contained (in Appendix G) an exhaustive alternatives analysis process to site, design and select the major project components. This analysis was largely supported in the DEIS process, with few of the component options rejected by Midas Gold during its alternatives analysis¹ carried forward into the DEIS. Since Alternative 2 is simply a net environmental improvement on Alternative 1, there would be no reason to select Alternative 1 as the Forest Service's Preferred Alternative.

[bull] Alternative 2 represents a refined version of Alternative 1, having fewer environmental impacts and better environmental outcomes. Given that Alternative 2 is clearly superior to Alternative 1 from an environmental perspective, the Forest Service should not select Alternative 1 as the Preferred Alternative. Alternative 2 also avoids the increased environmental impacts and risks related to the Tailings Storage Facility (TSF) relocation that is the prime driver of Alternative 3, and the heightened catastrophic environmental and public safety risks associated with the alternative road access route that is the prime driver of Alternative 4. In addition to the purely

environmental benefits of Alternative 2 over Alternatives 3 and 4, the significant technical and safety risks associated with Alternative 3 (related to the major landslide within the footprint of the TSF) and Alternative 4 (the avalanche and landslide risks along the Stibnite Road) should be considered sufficient reason not to select these two alternatives as a preferred alternative. Further, the economic consequences (delayed jobs, fiscal benefits, reduced overall taxes related to higher costs) and the deferred environmental clean-up benefits due to a two-year delay related to Alternatives 3 and 4 further downgrade these alternatives, which do not meet Midas Gold's or the Forest Service's Purpose and Need. Finally, the DEIS concludes by noting² that Alternative 2 would have the fewest resource impacts, which alone should be a sufficient reason to make Alternative 2 the Preferred Alternative.

[bull] Alternative 3 is primarily built around an alternative location for the TSF. The DEIS notes that Alternative 3 would have the largest total resource impacts³ including increased impacts on length of stream channels⁴, and temperatures in the Upper EFSFSR immediately upstream of Meadow Creek⁵ would have the potential to exceed temperatures that are known to be stressful and even lethal to all the special status salmonids in perpetuity. Alternative 3 would also eliminate the environmental benefits associated with the removal and reuse of the spent ore at SODA, and forgo the environmental benefits of the removal and reprocessing of the historical Bradley tailings, noticeably affecting long term surface water quality.⁶ Alternative 3 leaves Meadow Creek in a rock-lined channel around the SODA area, increasing the net negative impacts on the stream channel as a result of the combined impacts of new disturbance in the EFSFSR and tributaries and leaving Meadow Creek as a sub-functional habitat. There would also be significantly increased impacts on the EFSFSR⁷ compared to all other alternatives, meaning increased impacts on tribal resources. Further, the TSF and buttress would overlap with a large geohazard (landslide)⁸, which could jeopardize the long-term stability of the TSF and buttress, calling into question the technical feasibility of Alternative 3. This alone should be a reason to not select Alternative 3 as the Preferred Alternative. Additional negatives for Alternative 3 include increased wetland and RCA impacts⁹ on- and off-site as compared to Alternative 2, and a two-year delay to project operations that will have significant negative employment and fiscal implications to workers, Midas Gold, and governments. Finally, Alternative 3 would provide no public access through the site¹⁰, which is a strong desire expressed by local residents. For all these reasons, Alternative 3 should not be selected as the preferred alternative.

[bull] Alternative 4 is primarily driven by an alternative access route to site, the "Yellow Pine Route". As the DEIS notes¹¹ "the Yellow Pine Route's greater proximity to Johnson Creek and the East Fork South Fork Salmon River may be expected to increase the roadway development and use within both avalanche-prone areas and riparian conservation areas and thereby could result in increased public safety and environmental risks and impacts." Overall, the Yellow Pine Route has more negative risks than the "Burntlog Route" incorporated into the other action alternatives, including increased travel by vehicles, including delivery trucks carrying fuel and chemicals, closer to major fish-bearing waterways, and increased risk of traffic accidents due to interactions with locals and visitors using this route. Further, the impacts associated with the Stibnite Road portion of the Yellow Pine Route are permanent¹² whereas those associated with upgrading the Burntlog Route are reversible when the road is reclaimed. This alternative would also degrade the quality of life of residents¹³ along the Johnson Creek and Stibnite Roads due to noise, dust, increased traffic, etc. as well as impacting enjoyment of campgrounds¹⁴ and other recreational activities along the route.

In addition, Alternative 4 requires a two-year delay in the Project in order to complete road construction, which delays the environmental and economic benefits for an additional two years. The DEIS notes¹⁵ that "The net additional construction cost of the Yellow Pine Route is estimated to total \$62.5 million. Midas Gold estimates that the overall net cost effect could reduce the SGP's value by up to \$174 million due to the combined capital, operating (i.e., longer haul routes and increased roadway O&M) and financial costs (i.e., resulting from the extended construction period and delayed operations)." The higher capital and operating costs would reduce the profitability of the operations and therefore reduce federal, state and local taxes, most of which are profit based, reducing revenues to all levels of government. Lower profitability may also reduce the quantity of ore mined, as

some of the lower grade portions of the deposit become uneconomic to mine, which would shorten the mine life, reducing some of the Project's economic benefits to workers and communities as well as to local, state, and federal governments.

However the most compelling argument against Alternative 4 is that¹⁶ "the risk of damage, injury, or loss of life from mass wasting events along the Yellow Pine Route would be increased due to its location, particularly Stibnite Road (CR 50-412), because the route is within the runout zone for avalanches" which alone is sufficient reason to not select Alternative 4 as human safety should be the paramount consideration in the DEIS, especially as such risks are expected to increase with climate change¹⁷. The DEIS states¹⁸ "Overall, Alternative 4 could lead to greater public health and safety impacts compared to Alternative 1 through use of the Yellow Pine Route (increase traffic-related issues and increased geotechnical, landslide, and avalanche hazards). The possibility of impacts to public safety due to Alternative 4 is increased from "low" to "medium-high" and if a wildfire, avalanche, or landslide were to occur, the potential injury to the individual could be severe; therefore, the magnitude of effect is rated as "high." This results in an overall public health rating of "major" for Alternative 4." Simply put, the potential for an avalanche that takes out a bus full of workers or fuel truck¹⁹ should be an unacceptable risk and provide the foundation for not selecting Alternative 4. Beyond that, the concept of hauling hazardous materials for many miles immediately adjacent to major fish-bearing waterways such as Johnson Creek and the EFSFSR should cause regulators to pause and consider these risks, especially given that the DEIS notes²⁰ "The potential consequences from trucking spills would thus be greater along the Yellow Pine Route".

In conclusion, in respect of the action alternatives analysis, I appreciate the thorough analysis undertaken by USFS of these alternatives, which were no doubt selected for detailed analysis after thoughtful consideration. However, it is evident from the effects analysis contained in Chapter 4 of the DEIS that Alternative 2 should be the one carried forward as the basis for the preferred alternative, and potentially consider incorporating other mitigations or improvements that arise out of the comment period that provide environmental benefits, are technically feasible and where economic consequences do not impede development of the Project.

Alternative 5 does not comply with the 1872 Mining Law²¹ which gives Midas Gold rights to enter, occupy and use public lands open to mineral entry for mineral exploration and development[mdash]of course, subject to the project meeting the necessary guidance and regulations required by a multitude of state and federal laws. Based widely understood application of the 1872 Mining Law and court cases interpreting it, the proposed use and occupancy of NFS lands in the Payette and Boise National Forests and the ancillary uses proposed in the PRO for the waste rock and tailings storage facilities, buildings (mine office, maintenance, warehouse, and other buildings), fences, etc., are obviously reasonably incident to the proposed mining and mineral processing operation. However, beyond Midas Gold's legal rights, the lost economic benefits to stakeholders including local communities, the region, State and Nation, not to mention the lost employment opportunities (direct, indirect and induced) for an entire generation. Further, the opportunity to repair and restore a brownfields site without any cost to taxpayers would be lost, and the ability to provide America's only source of mined antimony would be gone, leaving the Nation dependent on less than friendly governments for this critical mineral.

Economic and Socioeconomic Benefits

The DEIS summarizes the opportunities presented by the SGP well when it states²² "The SGP would make a significant contribution to the Valley County economy in terms of direct and indirect employment and wages during the life of the SGP. In addition, the SGP would generate significant tax revenues for various levels of government. The economic benefits associated with increased employment opportunities and tax revenues could lead to continued or improved access to health services, better nutrition, and better overall well-being for the local community. Also, if the new fulltime positions include health insurance and improved access to health care, this may have a positive effect on chronic and infectious disease and injury categories for both the employees and their families."

Further, the DEIS reminds us that there are arguments in favor of the SGP, when it states²³ "The SGP would reclaim historically damaged stream habitat, mitigate slope stability hazards, and perform post-mining reclamation. It also would improve access to remote recreational areas. In addition, the SGP would make a large contribution to the Valley County economy in terms of direct and indirect employment and wages during the life of the SGP. The SGP would generate tax revenues for various levels of government. The economic benefits associated with increased employment opportunities and tax revenues could lead to continued or improved access to health services, better nutrition, and better overall well-being for the local community."

These economic and socioeconomic benefits are a productive use of currently unutilized natural resources, as noted by the DEIS²⁴ "Short-term uses of both the mineral resources and other natural and human-made resources (i.e., for construction, operations and closure/reclamation) would represent a lucrative use of these resources. The socioeconomic value of the short-term use of the resources is represented by both the extracted minerals market value and the monetary cost of the resources used to mine them."

Employment Opportunities

The DEIS summarizes the employment benefits of the Project well²⁵ "Construction and operation of the SGP would provide jobs and income for both individuals directly employed for the SGP, as well as for other individuals whose employment and incomes would be indirectly or induced by SGP's activities. Most of these employment and income impacts would support Idaho residents, of which a portion are expected to be local area (Valley and Adams counties) residents."

And the level of employment is not insignificant. As the DEIS notes²⁶ "Based on the direct, indirect, and induced employment impacts analyzed above, under the midvalue scenario, the overall statewide employment impact for Alternative 127 is estimated to support 1,820 full and part-time jobs for Idaho residents annually during the 3-year construction period. The overall local employment impact of Alternative 1 during the 3-year construction phase is expected to provide approximately 500 full and part-time jobs for the residents of Valley and Adams counties (i.e., 190 direct and 310 indirect/induced jobs). This local job impact would correspond to 8.7 percent of the local area 2019 total employment of 5,777 (Idaho Department of Labor 2020a,b)." This analysis was completed before the pandemic. Today, the relative percentage of this job impact is likely to exceed 8.7 percent of the local area employment level, which has been reduced due to the economic downturn and job losses resulting from the pandemic.

And goes on to say²⁸ "Alternative 1's overall statewide employment impact is estimated to support a total of 1,150 full- and part-time jobs for Idaho residents annually during the 12- to 15-year period of operations. The overall local employment impact of Alternative 1 during operations is expected to total 470 full- and part-time jobs. Overall, the SGP is estimated to support 2,690 direct, indirect, and induced jobs for residents nationwide (i.e., Idaho and elsewhere in the U.S.)"

The DEIS also says²⁹ "The economic benefits associated with increased employment opportunities and tax revenues, could lead to continued or improved access to health services (through employment insurance benefits and/or increased income), better nutrition, and better overall well-being for the local community."

While these references refer to Alternative 1, they are essentially the same for all action alternatives. All of these benefits would be lost in Alternative 5. Because the socioeconomic benefits of the project were analyzed well before COVID-19 wreaked havoc with the local, state, and national economies, the importance of the jobs and economic contributions associated with the project has substantially increased viewed in the context of the jobs and tax revenue losses due to the pandemic.

Transportation Risks & Impacts

The DEIS summarizes transportation risks and impacts well³⁰:

[bull] "The statistical rate of large-truck accidents involving hazardous cargo for miles traveled ranged from

approximately 1 accident for every 714 million miles traveled in 2013 to approximately 1 accident for every 522 million miles traveled in 2016. Therefore, statistically, the rate of accidents on the nation's highways involving crashes or spills of hazardous material cargo by large trucks is very low (Federal Motor Carrier Safety Administration 2018)."

[bull] "In 2019 there were a total of 38 spills of hazardous materials reported in the state of Idaho. None of these spills appear to be associated with a mine site or hauling of materials from a mine site."

[bull] "Transportation on local access roads would be at lower speeds and with less traffic than highways and would likely be safer than highway travel."

As a result, the risks related to transportation of hazardous materials is estimated to be very low. In addition, since 2011, Midas Gold has safely conducted over 195 successful fuel hauls involving 279 fuel trucks (some hauls involved multiple trucks) without incident, on roads with worse conditions than those planned for the SGP, demonstrating its ability to manage such movement of hazardous materials, and recently passed 100 months without a reportable spill.

With respect to traffic volumes, perspective is required. As the DEIS notes³¹ "Warm Lake Road (CR 10-579) traffic would increase by 5.5 percent and SH 55 traffic would increase by only 1.6 percent. Heavy vehicles would comprise less than 4 percent of the total traffic on these two roadways; however, due to the one-lane constraints on both roadways, non-mine-related vehicles may experience slower travel times." These are minor impacts to the current traffic levels and are certainly manageable.

Further, Midas Gold has committed to traffic management scheduling to reduce impacts at potentially more dangerous times as stated in the DEIS³² "Midas Gold would limit their vehicle traffic outside the mine site to between 5:00 am and 7:00 pm everyday resulting in approximately 5 mine-related vehicles traveling on the Yellow Pine Route per hour during the 2 years the Burntlog Route is constructed."

Further, the impacts on Johnson Creek and Stibnite Roads are temporary in Alternatives 1-3 as the DEIS notes³³ "However, once construction of Burntlog Route is completed, the Yellow Pine Route would no longer be used by mine-related traffic, and the AADT on Johnson Creek (CR 10-413) and Stibnite Road would return to the existing AADT traffic volume."

These commitments and the use of the Burntlog Route clearly demonstrate how Midas Gold has worked to minimize and mitigate traffic impacts related to the SGP.

Conclusion

As noted above, we strongly encourage the USFS, based on the analysis contained in the DEIS and the comments provided herein, to select Alternative 2 as its Preferred Alternative. We appreciate the opportunity to submit these comments and look forward to seeing the Final EIS delivered in a timely manner.

1 PRO, Appendix G

2 DEIS Section 4.21.7

3 DEIS Section 4.21.7

4 DEIS Section 4.12.2.5.1

5 DEIS Appendix J-2: Table 1

6 DEIS Section 4.9.2.3.2.1

7 DEIS Section 4.22.2.3

8 DEIS Section 4.2.2.3.1

9 DEIS Section 4.11.2.4.1

10 DEIS Section 4.3.2.3.2

- 11 DEIS Section 4.21.2.4 (emphasis added)
- 12 DEIS Section 4.2.2.4.3 (emphasis added)
- 13 DEIS Section 4.21.2.4.1 (emphasis added)
- 14 DEIS Section 4.21.2.4.1 (emphasis added)
- 15 DEIS Section 4.21.2.4 (emphasis added)
- 16 DEIS Section 4.2.2.4.3 and also DEIS Section 4.7.2.4.4 (emphasis added)
- 17 DEIS Section 4.4.2.1.4.12 (emphasis added)
- 18 DEIS Section 4.18.2.4

- 19 DEIS Section 4.7.2.4.5 And DEIS Section 4.7.2.7 and 4.7.7.2
- 20 DEIS Section 4.7.2.4.5 And DEIS Section 4.7.2.7 and 4.7.7.2 (emphasis added)
- 21 30 U.S.C. Sections 21a et seq
- 22 DEIS Section 4.18.2.1.2 (emphasis added)

- 23 DEIS Section 4.18.6 (emphasis added)
- 24 DEIS Section 4.21.6.1 (emphasis added)
- 25 DEIS Section 4.21.7 (emphasis added)
- 26 DEIS Section 4.21.2.1.1.1 (emphasis added)
- 27 And is the same for Alternative 2
- 28 DEIS Section 4.21.2.1.2.1 (emphasis added)

- 29 DEIS Section 4.18.4 (emphasis added)
- 30 DEIS Section 4.7.2.1.1 (emphasis added)
- 31 DEIS Section 4.16.2.1.1 (emphasis added)
- 32 DEIS Section 4.16.2.1.1 (emphasis added)
- 33 DEIS Section 4.16.2.1.1 (emphasis added)