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September 22, 2020

Mrs. Linda Jackson
Payette Forest Supervisor
500 North Mission Street
McCall, ID 83638

Dear Mrs. Jackson,

I am a Partner at Paulson & Co. Inc., a US-based investment firm headquartered in New York, and I currently sit on the Board of Directors of Midas Gold (the “Company”).

Paulson is the largest investor in Midas Gold. We first invested in the Company in 2016 and then subsequently added to our position in 2019 and 2020. The reason we were attracted to invest in the Company is because of its incredibly compelling vision for the Stibnite Gold Project. The core of this vision is that environmental success and economic success are inseparable. The Project is set to address the environmental legacies of an abandoned brownfields mine site, produce the only domestically mined source of the Critical Mineral Antimony and provide a boost of economic opportunity to Idaho and the United States through \$1 billion in private investment and more than 500 direct family-wage jobs, as well as numerous indirect and induced jobs in related and other sectors.

While Stibnite is a legacy brownfield site that badly needs environmental restoration, unfortunately neither the federal nor state government has found the necessary resources to address the site’s issues, including poor water quality and fish passage. Midas Gold has developed a proactive solution utilizing private capital and the Project’s positive economics to finance the environmental restoration at the site. Restoring the site will include re-establishing fish passage both on a temporary and permanent basis, rehabilitating stream channels and creating new wetlands, helping to improve water quality, removing and reprocessing existing tailings that are likely a major contributor to poor water quality, and rehabilitating other historical impacts. Importantly, this plan will not require any subsidies from the federal or state government, as it can be funded entirely with private capital.

The Stibnite Gold Project will be a “win” for the environment and a “win” for the economy in Idaho, but one of the underappreciated aspects of the project is that it will also be a “win” for U.S. national and economic security, as well. The Stibnite Project is set to become the only source of Antimony mine production in the U.S. Antimony is one of 35 minerals the U.S. Government has designated as “Critical” because of how vital they are to national and economic security. Critical Minerals serve an essential function in the manufacture of products that have

“strategic value” and supply chains for Critical Minerals are particularly vulnerable to disruption because there is no domestic source or supply. Unfortunately, China also controls an overwhelming share of the global supply of Critical Minerals, including Antimony, which presents clear issues given our precarious trade relationship and strategic differences.

Fortunately, there has been a big bipartisan push to find domestic supplies of Critical Minerals dating back to the Obama Administration when the President chartered a new White House committee under the National Science and Technology Council on Critical and Strategic Minerals Supply Chains (CSMSC)¹. The CSMSC was tasked with coordinating critical mineral policy development across the federal government. In 2010² and 2011³, the Department of Energy issued its “Critical Mineral Strategy” reports, which focused on managing supply risk and “taking steps to facilitate extraction, processing and manufacturing here in the United States.” The CSMSC also issued important reports in 2014⁴ and in 2016⁵ on identifying and monitoring Critical Minerals, which helped lay the foundation for the Department of Interior’s final list of 35 Critical Minerals published in 2018⁶ and the Department of Commerce’s recent “Federal Strategy to Secure Reliable Supplies of Critical Minerals”⁷ published last year.

This history is important to review because the current pandemic and health crisis has (re)exposed the weaknesses in our domestic supply chains, especially as it relates to Critical Minerals, and added fresh urgency to find and open domestic sources. The Stibnite Gold Project will help address this weakness head-on, as approximately 30% of U.S. annual demand for Antimony could be sourced from the Stibnite Gold Project. As detailed earlier, two significant end users of Antimony from a product or strategic value perspective are the U.S. defense and energy sectors. Finally, it is worth highlighting that 92% of the world’s antimony is produced by China, Russia and Tajikistan – each of which poses a distinct challenge with regards to fair trade and reliable supply chains for the U.S. China is also estimated to control approximately 90% of the processing capacity for antimony, leaving the U.S. doubly vulnerable to supply disruptions affecting everything from primer in military grade explosives and ammunition to flame retardants in military, energy and domestic products.

The pandemic and corresponding economic crisis should also serve to focus policymakers and government partners on the economic benefits of the Stibnite Gold Project, which includes \$1 billion investment in Idaho, employment of ~500 people directly with high paying wages as well as an additional ~500 people indirectly in supporting businesses, with additional induced employment in services sectors, from teachers to restaurants, supporting these new direct and indirect jobs. Additionally, the project will meaningfully add to state and federal tax revenues with an estimated \$500 million of direct and induced taxes, based on Midas Gold’s pre-feasibility study. And again, all of this economic benefit will go hand-in-glove with important

¹<https://obamawhitehouse.archives.gov/sites/default/files/microsites/ostp/NSTC/CSMSC%20Charter%202016-04-21%20signed.pdf>

²<https://energy.gov/sites/prod/files/edg/news/documents/criticalmaterialsstrategy.pdf>

³https://energy.gov/sites/prod/files/DOE_CMS2011_FINAL_Full.pdf

⁴<https://www.federalregister.gov/documents/2014/07/22/2014-17192/critical-and-strategic-materials-supply-chains>

⁵<https://www.whitehouse.gov/sites/whitehouse.gov/files/images/CSMSC%20Assessment%20of%20Critical%20Minerals%20Report%202016-03-16%20FINAL.pdf>

⁶<https://www.federalregister.gov/documents/2018/05/18/2018-10667/final-list-of-critical-minerals-2018#:~:text=The%20final%20list%20includes%3A%20Aluminum,elements%20group%2C%20rhenium%2C%20rubidium%2C>

⁷<https://www.commerce.gov/news/reports/2019/06/federal-strategy-ensure-secure-and-reliable-supplies-critical-minerals>

environmental restoration work on a site has been neglected and where there isn't any other viable option.

The Company has invested a great deal of time and resources to get the project to this point. After six years of study, the Company filed its Plan of Restoration and Operations in 2016. Then after four additional years of scientifically-based review involving more than 80 reports with 27,000 pages of documents, data and analysis, 150 additional requests for information, over 800 community meetings, and the regulatory evaluation by 11 local, state, and federal agencies, the 5,000 page Draft Environmental Impact Statement was produced.

Arguments for considering any additional delays or adding time to current reviews should factor in just how much time and resources have already been devoted to a thorough review of the project. The Company is in its fourth year of NEPA review and has already undergone 10 delays totaling two years of delay from the original agency-determined schedule. This context is crucial when considering the timeline ahead and how important it is to stay on-schedule with the current and future reviews and evaluations of the Project. The sheer size and scope of the private investment that has been required to get the Company to this point is a staggering ~\$200 million. This investment of time and resources is an important backdrop to consider since the Company does not presently generate any revenue – and won't until it is in operations. The Stibnite Project, with its incredibly positive and inclusive vision for both environmental and economic success, is exactly the type of project that should remain on-schedule, particularly as Idaho and the U.S economy look to recover from the effects of the COVID-19 induced slowdown.

The Company and its employees are overwhelmingly local Idahoans who have spent a decade working with community stakeholders, soliciting feedback, answering questions, refining plans and building support for this modern, purpose-driven project. Their dedication and determination to get this project permitted in a manner that improves the environment is remarkable and commendable. After a review of the different options presented in the DEIS, Alternative 2 should be the preferred alternative path forward. We base this decision on our conclusion that Alternative 2 provides the most environmentally beneficial, technically lowest risk and economically most robust alternative of Alternatives 1-4, and that leaving the site in its impaired condition (Alternative 5) means water quality will not be improved and fish passage will not be restored, all the while giving up on the economic and strategic benefits presented by the Stibnite Gold Project.

As noted above, Alternative 2 represents the best of the four action alternatives, as evidenced in the analysis contained in the Draft EIS. Alternative 2 contains a number of environmental enhancements, such as eliminating the West End DRSF and partially backfilling the Hangar Flats pit, reducing the borrow sources along the Burntlog Route, improving that route to avoid wetlands, rerouting the powerline to address locals concerns over the proximity of the existing powerline to residences, and providing locals access through the site from Yellow Pine. As a result, Alternative 2 is clearly an improvement over Alternative 1.

Alternative 3 is primarily driven by an alternative tailings location, but that means legacy tailings and spent ore remain unaddressed and problematic from a water quality perspective, and relocation to an essentially pristine valley, increasing impacts on wetlands, stream channels and

future fish habitat and populations as compared to Alternative 2. Since the environmental outcomes are worse than Alternative 2, it does not make sense to proceed with Alternative 3.

Alternative 4 is primarily driven by an alternative access route, which would require substantial construction, and future traffic, immediately adjacent to the important fish habitats of Johnson Creek and the East Fork of the South Fork of the Salmon River, risking impacts on both as compared to the more remote and manageable risks associated with the Burntlog Route. As a result, Alternative 4 is subject to more risks and impacts on environmental resources than Alternative 2 and should not proceed.

Further, beyond the purely environmental benefits of Alternative 2 over Alternative 4, Alternative 4 also represents a significant safety and environmental risk from large avalanches and landslides given the extreme terrain, as evidenced by the history of such since Midas Gold has been involved in the site. These risks should be unacceptable to the decisionmakers for this project. Finally, in addition to the greater environmental risks and worse outcomes represented by Alternatives 3 and 4, as detailed in the DEIS, the likely two-year delay in implementing the Stibnite Gold Project (were Alternative 3 or 4 to be selected) should be considered an unacceptable economic loss to the local residents seeking well-paid employment, to the rural economy of Valley County and surrounding areas, and to the economy of Idaho and the U.S.

Finally, we appreciate the U.S Forest Service's innovative and accessible approach to the comment period, which makes all data and resources readily available to reviewers on a 24/7 basis for the entire 60-day comment period. When combined with the public availability of Midas Gold's Plan of Operations and Restoration since 2016, more than 800 community engagement sessions and 1,800 people taking site tours in the past four years, we are of the opinion that there has been ample time and opportunity for the public to familiarize themselves with the Project and its impacts. As a result, we believe the current 60-day comment period is adequate and encourage the U.S. Forest Service and other regulatory agencies to move expeditiously to complete the preparation of the Final EIS, based on the comments received, and to a final Record of Decision so that the environmental economic, strategic and employment benefits of this Project can be realized in a time that will help Idaho and the U.S. recover from the COVID-induced economic crisis we are now in.

In summary, Paulson is proud to be associated with Midas Gold and its visionary Stibnite Gold Project, which is set to deliver a "win" for the environment, a "win" for the economy, as well as a "win" for US national and economic security, as the only source of domestic production of a Critical Mineral. We look forward to continuing our long-term relationship with Midas Gold, as a source of private capital and investment to help advance this project into its development and operations phase.

Sincerely,



Chris Papagianis
Partner