

3 SOCIOECONOMICS & WORKFORCE REQUIREMENTS

At Midas Gold, we always look to Idaho first, and particularly to Valley County, for our workforce and for the materials we need for the Stibnite Gold Project. There will be many opportunities for local businesses to contract with Midas Gold for surface infrastructure and miscellaneous facilities, to provide supplies and services, and for local residents to be directly or indirectly involved during the initial site cleanup, construction, operations, closure and reclamation, including for mining and exploration activities (see Sections 9.4 and 13.2.4, respectively) required for the Project. Most of the support facilities will be built or assembled during the early stages of the Project, while there will be ongoing activities throughout the life of the Project. Supplies, services, contractors and employees (direct and indirect) will be required throughout the life of the Project.

3.1 HIRING & CONTRACTING OBJECTIVES

Midas Gold aims to continue to encourage local hiring, contracting, provision of supplies and services within the local communities and Valley County, and then expanding out from the Project area to adjacent counties, the State and then the balance of the U.S.

***Goal:** Encourage the hiring of qualified local people and work with nearby communities to lessen any negative social, lifestyle and economic impacts on local residents.*

Actions:

- Midas Gold will maintain its Stibnite Gold Logistics Facilities (**SGLF**) near the community of Cascade for general administration, accounting, payroll, human relations, warehousing, transportation and laboratory personnel. Members of the workforce assigned to this facility are expected to be or become residents of Valley County. Having as many support personnel as practical at the SGLF will limit the number of employees to be transported to the Project site and housed at Stibnite Lodge since SGLF workers will work more regular schedules and reside at home.
- Midas Gold will implement hiring practices that encourage the use of local contractors and local workers, and will go outside the region to hire only to the extent that qualified contractors and an adequate pool of worker candidates cannot be reasonably found locally and hired consistent with applicable legal requirements.
- Midas Gold will implement a policy that encourages local purchase and contracting, and work with local colleges and universities to identify training opportunities to facilitate the hiring of qualified local workers.

3.2 SOCIOECONOMICS & WORKFORCE REQUIREMENTS

The Stibnite Gold Project is located in Valley County (**County**), which encompasses approximately 3,240 square miles and features over 88% public lands. Cascade is the County seat, and McCall is the largest population center. From the early 1900s through to the late 1990s Valley County's economy was strongly supported by the mining and timber industries; however, more recently, the county has been dependent upon government, tourism and construction.

3.2.1 Valley County Population

Valley County is the fifth largest county in Idaho by area and thirteenth least populated (year-round) county of the 44 counties in Idaho. In 2014, Valley County had an estimated year-round population of

9,826 people, although the county does experience a seasonal increase of residents during the summer months.

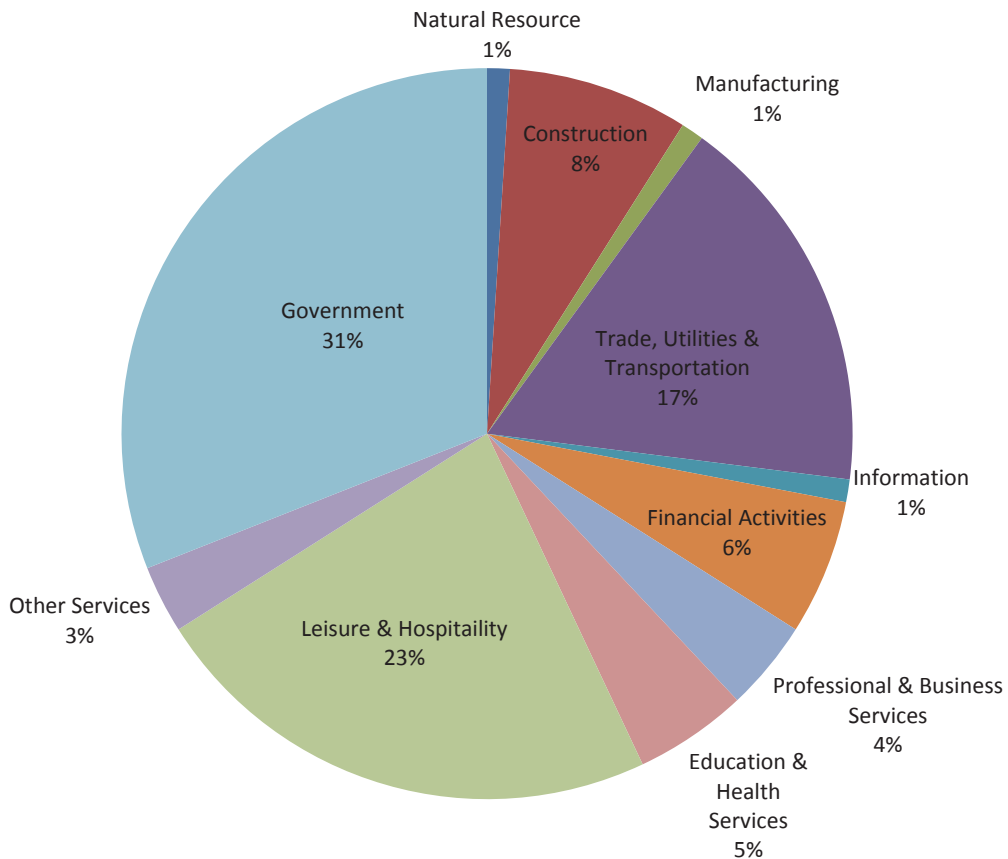
Valley County experienced robust population growth from 2002 through 2007, largely fueled by amenity migration into the McCall area and real estate speculation around the Tamarack Resort. Wealthy investors and second-home owners were lured by the resort, inflating land prices. With the economy slowing in 2008, and Tamarack’s well-publicized financial problems and ultimate filing for bankruptcy protection in 2008, land prices fell and population growth ebbed in 2009. The decline in population continued through 2012, when the county population was approximately 9,500 people. Since then, Valley County has seen the population rebound modestly.

3.2.2 Valley County Labor Force & Employment

The Valley County labor force was affected by the recession in 2008. From its high of nearly 16% in 2010, the unemployment rate in Valley County fell to approximately 7.5% in 2014, but this decline is due in part to many people exiting the labor force or leaving the area; in 2014 Valley County had the ninth highest unemployment rate in the State. In addition, Valley County has a high variability in monthly unemployment rates due to the seasonal nature of many of the jobs in the county, with seasonal peaks related to the winter ski season and summer tourism and construction.

Government employment was the largest single contributor of non-farm jobs in Valley County in 2014 (see Figure 3-1).

Figure 3-1, Valley County Jobs (2014)



The leisure and hospitality sectors (tourism) are important parts of the county economy, with recent gains in the construction sector. The contribution of natural resource industries to the Valley County economy is very low; over the past few decades, limited supplies of private timber and restrictive government land use policies have resulted in dramatic decline in the timber and mining industries, once important sectors of the economy of Valley County. Recent Midas Gold mineral exploration work is the primary contributor to mining-related employment in the County.

The major employers in Valley County in 2014 were Ridley’s Family Markets, Cascade School District, City of McCall, Tamarack Resort, McCall-Donnelly School District, McCall Memorial Hospital, Franklin Building Supply Company, Cascade Hospital, Forest Service, and Valley County.

3.2.3 Valley County Employment & Income

Valley County’s 2014 per capita income is marginally higher than the Idaho average, but both are lower than the national average:

- Valley County: \$23,880
- Idaho: \$23,087
- United States: \$28,555

The County, which had ranked in third in per capita income in Idaho for many years, slipped during the 2008-9 economic downturn and now ranks seventh amongst Idaho counties.

Average 2014 employment and wage data for Valley County reveals that it continues to be a tourist destination with over a thousand jobs in the leisure and hospitality industry, but these jobs support some of the lowest average wages of all the employment sectors in the County. The mining sector in 2014 (primarily associated with Midas Gold jobs) paid, on average, more than four times the wages of the leisure and hospitality sector of the Valley County economy (see Table 3-1).

Table 3-1, Annual Average Employment and Wages for Valley County (2014)

Employment Category	Average Employment (2014)	Average Wages (2014)
Agriculture	53	\$37,165
Mining	38	\$83,267
Construction	302	\$33,247
Manufacturing	29	\$29,366
Trade, Utilities & Transportation	692	\$28,768
Information	56	\$65,197
Financial Activities	232	\$34,825
Professional and Business Services	102	\$35,833
Educational and Health Services	331	\$54,548
Leisure and Hospitality	1,028	\$18,654
Other Services	104	\$17,339
Government	960	\$40,173
Total	3,926	\$32,831
Source: Idaho Department of Labor		



3.2.4 Midas Gold Employment & Income

Midas Gold will make a significant contribution to the Valley County economy in terms of direct and indirect employment and wages during the life of the Stibnite Gold Project. In order to maximize the benefits to local residents and Idahoans, Midas Gold will:

- Implement hiring practices that encourage the use of local contractors and local workers, and will go outside the region to hire only to the extent that qualified contractors and an adequate pool of candidates cannot be reasonably found locally and hired consistent with applicable legal requirements.
- Maintain a comprehensive program of health and safety training for employees. This program will include environmental considerations. Midas Gold will also conduct an operating permit compliance training class for site management and supervisors to specifically cover operating permit constraints and limits to promote accountability with various levels of Project management.

Direct jobs would be the initial site cleanup, construction, operations and reclamation personnel hired or retained by Midas Gold. New (indirect) jobs will also be created in the service, retail and other non-mining sector of the local and regional economy to support the Project and its workforce.

3.2.4.1 Construction

During initial construction and mine development activities, Midas Gold and construction contractors will employ up to 1,000 people, and will average 600 to 700 people, likely making Midas Gold the largest single employer in the County. The construction workforce will construct the ore processing facility, mining-related offices and warehouses, maintenance shops, employee housing facility, tunnel, haul roads, tailings storage facility and other various on and off site support facilities including electrical supply and distribution systems, onsite roads, and the main access road.

The construction workforce will be composed of different categories of occupations including carpenters, electricians, steel construction workers, welders, pipe fitters, underground miners, heavy equipment operators, truck drivers and miscellaneous support laborers.

It is expected that approximately 25 to 30% of this initial construction and development workforce will be residents of Valley County due to the number of specialized construction skills required that are beyond the norm for Valley County, many of which will be limited duration positions as specialized aspects of the construction are undertaken. Midas Gold will take a concentric circle approach to hiring, starting with people based in Valley County, then adjacent Adams County, followed by the broader state population and finally the balance of the USA. Hiring preference will be provided to appropriately skilled and experienced residents in that order, subject to any applicable legal requirements. Midas Gold will strongly encourage its contractors to take the same approach.

Assuming average construction wages of \$70,000 per year and an average annual construction workforce of 600 to 700 people, the total annual payroll for direct employment during construction would range between \$42 million and \$49 million.

3.2.4.2 Operations

During operations, total Project employment could reach a peak of approximately 670 people (see Table 3-2) and average approximately 600 people; this workforce includes personnel employed at the SGLF and at the Project site, and it includes management and administration personnel, mining and exploration equipment operators, general laborers, ore processing facility operators, mechanics,



electricians, drillers, engineers, surveyors, geologists, environmental specialists and safety specialists. Midas Gold anticipates approximately 50% of these people are expected to reside in Valley County following a period of local hires, training and workforce relocation to the area as new employment opportunities develop.

Assuming average mining and ore processing wages ranging from \$80,000 to \$85,000 per year (based on comparable operations in Idaho) and an average Project workforce of 600 people, the total annual payroll for direct employment during operations would range between \$48 million and \$51 million.

Table 3-2, Anticipated Job Categories for Stibnite Gold Project Operations

Salaried	Number	Hourly	Number
Stibnite Gold Logistics Facility			
General Manager	1	Administrative Assistants	2-3
Controller	1	Accounts Payable/Receivable	2
Accountants	2	Payroll Accountant	2
Purchasing Manager	1	IT Technician	2-3
Purchasing Agents	4	Warehousemen	1-2
HR Manager	1	HR Specialist	1-2
Chief Chemist	1	Fire Assayer	4
Environmental Manager	1	Laboratory Technicians	8
		Gate Clerk	4
Sub-Total	12	Sub-Total	26-30
Onsite Employee Housing Facility			
Supervisors	2	Cooks	8
		Servers	8
		Maintenance	4-6
		Housekeeping	6-8
Sub-Total	2	Sub-Total	26-30
Health and Safety Department			
Safety Manager	1	Surface Mine Safety Supervisors	2
		Underground Safety Supervisors	0-2
		Security Specialists	2-4
		Security Guards	8
		First Aid Specialists (Paramedics)	2
Sub-Total	1	Sub-Total	14-18
Surface Operations Engineering and Environmental Department			
Chief Surface Mine Engineer	1	Engineering Technicians	2-4
Senior Surface Mine Engineers	2	Environmental Technicians	2-4
Surface Mining Engineers	2		
Environmental Engineers	2		
Geotechnical Engineer	1		
Sampler	2		
Chief Geologist for Surface Mine	1		
Surface Mine Geologists	2		
Surface Mine Surveyors	2		
Surface Mine Surveyor Helpers	2		
Sub-Total	17	Sub-Total	4-8
Site Warehouse			
Warehouse Supervisor	1	Surface Mine Warehousemen	4
		Underground Mine Warehousemen	4
Sub-Total	1	Sub-Total	8

Salaried	Number	Hourly	Number
Ore Processing Facility			
Ore processing facility Manager	1	Crusher Operator	4
Plant General Foremen	2	Crusher Helper	4
Operational Supervisors	8	Control Room Operators	4
Chief Metallurgist	1	Grinding Operators	4
Senior Metallurgists	2	Grinding Helpers	4
		Antimony Recovery Operators	4
		Antimony Recovery Helpers	4
		Gold Flotation Operators	4
		Pressure Oxidation Operator	4
		Pressure Oxidation Helpers	4
		Tailings Operators	2-4
		ADR Operators	4
		ADR Helpers	4
		Loader Operators	4
		Reagents Operators	2
		Reagent Helpers	2
		Utility Crew	4-8
		Refinery Operator	2
		Refinery Helper	2
		Administrative Assistants	2-4
		Junior Metallurgists	2-4
		Metallurgical Technicians	8
		Shift Sample Buckers	4
Sub-Total	14	Sub-Total	82-92
Ore Processing Facility Maintenance			
Maintenance Superintendent	1	Maintenance Supervisors	2
Electrical Superintendent	1	Maintenance Planners	2
		Mechanic/Welder	8
		Mechanic Helper	12
		Electrician/Instrumentation	12
		Electrician Helpers	8
		Mechanic/Helpers	12
		Mechanic Helper	12
Sub-Total	2	Sub-Total	68
Surface Mine Operations			
Surface Mine Manager	1	Drill Operators	16
Surface Mine Superintendent	1	Blasters	4
Blasting Foremen	2	Shovel/Loader Operators	12
Surface Mine Shift Foremen	4	Haul Truck Drivers	64-72
Administrative Assistants	2-4	Track Dozer Operators	12
		Grader Operators	8
		General Laborers/Trainees	4-8
		Service Crew	28-36
		Dispatch Operators	4
Sub-Total	10-12	Sub-Total	152-172

Salaried	Number	Hourly	Number
Surface Mine Maintenance			
Maintenance Superintendent	1	Surface Mine Mechanics	34
Mine Maintenance Planners	2	Welders	10
Maintenance Shift Foremen	4	Fuel/Lube Personnel	8
		Tire Technicians	8
		General Laborers/Trainees	4
		Surface Mine Mechanic Helpers	12
Sub-Total	7	Sub-Total	76
Surface Exploration⁽¹⁾			
Exploration Manager	1	Helicopter Pilots and Support Crew	0-12
Chief Geologist	1	Exploration Drillers	0-8
Exploration Geologists/Core Loggers	0-12	Driller Helpers	0-8
		General Laborers/Trainees	0-8
		Geologic Technicians	0-8
Sub-Total	2-14	Sub-Total	0-44
Underground Exploration⁽¹⁾			
		Underground Mine Engineer	0-1
		Engineering/Environmental Technician	0-1
		Underground Mine Geologist	0-1
		Underground Shift Foremen	0-3
		Drillers	0-8
		Surveyor	0-1
		Underground Electricians	0-4
		Lead Underground Mechanics	0-3
		Underground Shift Foremen	0-3
		Drill Jumbo Operators	0-4
		General Miners/Blasters	0-4
		Loader and Truck Operators	0-4
		General Laborers	0-4
		Administrative Assistants	0-1
Sub-Total	0	Sub-Total	0-42
Total	68-82	Total	456-588
Estimated Grand Total (for combined salaried and hourly personnel)			524-670
Notes:			
(1) Exploration work is typically seasonal.			

At present, Midas Gold has not formally settled on a work schedule for onsite personnel, but Midas Gold will implement a schedule of staggered work cycles (e.g. 14 days on / 14 days off or 10 days on / 4 days off) so that workers can be accommodated at the Project site without having to make a long daily commute and providing an appropriate work-home life balance. These schedules would also enable out-of-area commutes; individuals with specialized mining expertise and experience would be able to commute to the Project from outside the local area in order to work at site.

Midas Gold will maintain the SGLF in and/or near the community of Cascade for general administration, accounting, payroll, human relations, warehousing, transportation and laboratory personnel. The workers assigned to these facilities are expected to be or to become residents of Valley County. Having as many support personnel as practical at the SGLF will reduce the number of employees to be transported to the Project site and housed at Stibnite Lodge; such workers will work regular schedules and reside at home.

3.2.4.3 Closure & Reclamation

On completion of the operations phase of the Project, Midas Gold will continue to employ approximately 200 people during closure and reclamation, and then 15 to 45 people during the initial reclamation monitoring period. A few employees still may be required after this time to support final stabilization, monitoring, and any needed water treatment. It is expected that approximately 70 to 80% of the reclamation workforce will be residents of Valley County.

Assuming average reclamation wages of \$60,000 per year, the total annual payroll for direct employment during reclamation would be approximately \$12 million, and then \$900,000 to \$2.7 million as the workforce moves into reclamation monitoring duties.

3.2.4.4 Indirect Employment

In addition to the direct employment figures above, substantial indirect employment will be created as a result of the Project’s activities. Indirect employment will include personnel involved in the supply chain for consumables used at site, for the transport and export of gold/silver doré and antimony concentrates offsite, increased needs in local communities (e.g. teachers in schools, hospitality and commercial staff to meet increased demand, etc.).

Based on third party analysis of the impacts for such projects in Idaho on employment, it is conservatively estimated that approximately 0.878 jobs will be created indirectly for every direct employment position noted above during the operating period (M3, 2014). Direct and indirect project employment estimates are provided in Table 3-3.

Table 3-3, Project Employment Estimates

Project Stage	Direct Employment	Indirect Employment	Total Employment
Construction	600 – 1,000	527 – 878	1,127 – 1,878
Operations	524 – 670	460 – 588	984 – 1,258
Closure & Reclamation	50 – 200	44 – 176	94 – 376
Monitoring	15 – 45	13 – 40	28 – 85

3.2.5 Metal Sales & Taxation

The Stibnite Gold Project would generate significant tax revenues for the various levels of government. Total direct, indirect and induced taxes are estimated at \$506 million in federal taxes and \$218 million in state and local taxes, representing a significant contribution to the economy during the 15-year construction and operating life of the Project. Payroll and other taxes would continue to be paid during the closure and reclamation period, adding to the totals paid throughout the initial and intermediate stages of the Project.

The Project, as currently designed, is estimated to create about \$152 million in sales transactions in the regional economy. About \$112 million of the sales would be gross regional product, the major subset of sales transactions. Additionally, a large portion of the economic activity created by the Stibnite Gold Project is estimated to affect the rest of the State of Idaho. The State of Idaho sales transactions are estimated to total about \$298 million annually (including regional impacts). The gross state product would total approximately \$197 million, providing new economic activity and inter-industry linkages that would help to support every industry in the regional and state economies.

The Project is especially important in Idaho because, according to the Idaho Department of Labor (2012), Idaho consistently ranks nearly last in the U.S. in per capita income and wages. The State ranked in first place in the percentage of workers on minimum wage. This Project and its high wages will be vital for the region’s and the state’s economic future.

The IMPLAN model was used to estimate direct, indirect and induced taxes, that would be paid by other taxpayers (other than Midas Gold), and the tax estimates were combined with the direct federal, state and local taxes that would be paid by Midas Gold to develop an estimate for the overall taxes generated by the Project. Figure 3-2 presents a plot of estimated annual direct, indirect and induced taxes associated with the Project paid by both Midas Gold and other taxpayers to federal, state and local governments.

Taxes that would be paid directly by Midas Gold over the life of the Project, based on the assumptions in the PFS, are estimated at approximately \$329 million in federal corporate income taxes, and \$86 million in State corporate income and mine license taxes.

Additional indirect and induced taxes that result from Midas Gold’s activities that would be paid by other taxpayers, based on the assumptions in the PFS, are estimated at approximately \$177 million in federal taxes (including payroll, excise, income and corporate), and \$131 million in State and local taxes (including property, sales, excise, personal, corporate, and other). As noted above, total direct, indirect and induced taxes are therefore estimated at \$506 million in Federal taxes and \$218 million in State and local taxes, representing a significant contribution to the economy during the 15-year construction and operating life of the Project. Payment of direct taxes begins in Year 2 because the Project operates at a loss until the first production and sale of gold-silver doré and antimony concentrate. Payroll and other taxes would continue to be paid during the closure and reclamation period, increasing these totals.

Figure 3-2, Chart of Estimated State and Federal Taxes

