

STIBNITE GOLD PROJECT: ECONOMIC IMPACTS

The Stibnite Gold Project will inject hundreds of millions of dollars into Idaho's economy, bring hundreds of jobs into the state and contribute significant local and state tax revenue. Midas Gold will continue to prioritize hiring and sourcing locally throughout the project and we are committed to helping our communities respond to growth in a manner that is sustainable and responsible.

Economic development can be beneficial both to local communities and to the environment. The economic engine of this project will bring many opportunities to rural Idaho, create jobs that can sustain families and generate the funds necessary to restore the historic mining district.

It is important to note that economic projections are based on the best information at-hand when a report is created. Estimates are based on variables that can change over time and in doing so, change the estimated outcome.

PLAN OF RESTORATION AND OPERATIONS

In September 2016, Midas Gold presented the Plan of Restoration and Operations (PRO) to regulators for review. [Chapter 3](#) of the PRO outlines the socioeconomic benefits and workforce requirements that we anticipate will accompany our project.

EMPLOYMENT AND TRAINING:

Midas Gold is committed to hiring, contracting and purchasing supplies and services locally whenever reasonably possible. We will look to Valley County for resources and talent first, before looking to neighboring counties, and eventually the state and greater U.S. (*PRO Chapter 3.1*).

Idaho continues to rank among the lowest in the country for per capita income and wages. Valley County had the ninth highest unemployment rate in the state in 2014 – this was the latest data available when the PRO was submitted. In Valley County, 23% of the total jobs were in the leisure and hospitality industries. The unemployment rate changes frequently in this region due to the seasonal nature of these jobs (*PRO Chapter 3.2.2*). Average employment data in Valley County from 2014 reveals jobs in the leisure and hospitality industries provide some of the lowest average wages in the county, just \$18,654 per year. Mining sector jobs, on average, pay more than four times the average wages of leisure and hospitality industries, which equates to more than \$80,000 per year (*PRO Chapter 3.2.3*).

During operations, we anticipate we will need to employ between 500 to 600 people. Positions include management, administration, equipment operators, general laborers, mechanics, electricians, engineers, surveyors, geologists and environmental and safety specialists. Based on comparable operations in Idaho, compensation would average ~\$80,000 a year. With these numbers, direct employment will provide between \$48 million to \$51 million in annual payroll (*PRO Chapter 3.2.4.2*). *This excludes indirect and induced employment related to jobs created through contracting, purchasing and higher disposable income in the community.*

Table 3-3, Project Employment Estimates

| Project Stage | Direct Employment |
|-----------------------|-------------------|
| Construction | 600 – 1,000 |
| Operations | 524 – 670 |
| Closure & Reclamation | 50 – 200 |
| Monitoring | 15 – 45 |

Midas Gold’s commitment to hiring local means that we will support training opportunities for Idahoans throughout the life of our project by working directly with schools, community colleges and the Idaho Department of Labor.

HOUSING:

To promote safe travel and provide an appropriate work-life balance for employees, Midas Gold plans on housing employees at site for a staggered work cycle, likely 14 days on and 14 days off. This type of shift would enable our employees to commute from outside the immediate region, reducing the strain on local workforce and services. Initial estimates indicate 25 to 30% of the construction workforce and 50% of the operations workforce will come directly from Valley County, however numbers may vary based on available workforce and local unemployment rates (*PRO Chapter 3.2.4.1 and 3.2.4.2*).

ECONOMICS:

Over the life of the project, total direct, indirect and induced taxes are estimated at \$506 million at the federal level and \$218 million in state and local taxes. Midas Gold alone would pay an estimated \$329 million in federal corporate income taxes and \$86 million in state corporate income taxes. The project, as submitted in the PRO, is estimated to create \$152 million in sales transactions in the regional economy (*PRO Chapter 3.2.5*). It is important to point out these numbers were estimated based on revenue projections from metal prices which can fluctuate over time, and before the 2018 federal tax policy changes and will be updated in the forthcoming feasibility study.

UPDATED ECONOMIC STUDY

Since submitting the PRO to the U.S. Forest Service, we worked with stakeholders and regulatory agencies to refine the plan and deepen the technical analysis of the Stibnite Gold Project. As a part of this process, we hired Highland Economics, a national economic consulting firm that specializes in the natural resource industry, to estimate the fiscal and economic impacts of our project. The study used three IMPLAN models (also known as impact analysis for planning) from 2015 to provide the information for this study.

EMPLOYMENT UPDATES:

Highland Economics estimated that, of the ~594 individuals we plan to directly employ during operations, 410 to 520 would reside in Idaho. Of those operations' positions, 120 to 290 could be filled by workers who currently live in Valley County or Adams County (*Highland Economics, 5*).

Average wages in the region surrounding the project are approximately \$35,000. The study estimated that, during operations, total compensation is expected to be approximately 80% more than the local average, or \$63,500 per position (including benefits and company paid taxes). Hourly positions, like truck driving, are estimated to be paid at \$25 per hour plus benefits (*Highland Economics, 14*).

Table ES-3: 2016 Economic Context for Local Area (Adams and Valley Counties), State of Idaho, and United States

| Geography | Population | Wage and Salary Employment | Total Employment, including Proprietors | Unemployment | Average Covered Wage ¹ |
|------------------|-------------|----------------------------|---|--------------|-----------------------------------|
| Adams County | 3,900 | 1,620 | 2,239 | 124 | \$35,925 |
| Valley County | 10,500 | 4,910 | 6,804 | 270 | \$35,128 |
| Local Area Total | 14,400 | 6,530 | 9,043 | 394 | \$35,326 |
| State of Idaho | 1,683,140 | 814,600 | 977,416 | 31,137 | \$39,650 |
| United States | 324,460,473 | 141,870,066 | 193,668,400 | 7,750,000 | \$53,621 |

Source: Idaho Department of Labor Workforce Trends in September 2017 for Adams, Valley, and State of Idaho. Total employment from the Bureau of Economic Analysis CA25N total full-time and part-time employment data series. National data from the Bureau of Labor Statistics, 2016 Quarterly Census of Employment and Wages and the U.S. Census Bureau for resident U.S. population as of December 1, 2016.

¹/Covered wages are wages to employees that are covered by unemployment insurance paid by their employers (this generally excludes business owners who are not required to pay unemployment insurance for themselves).

HOUSING UPDATES:

Employee residency is relatively uncertain. Similar projects with on-site worker housing and multiple-day rotations, see employee residency vary widely. It is still unknown exactly how many employees will come from the Valley and Adams County region and how many will move to the area and how many will commute for their 14-day work shift (*See below: Table ES-1*).

Between 2010 and 2016, the number of work-aged adults in Valley and Adams counties decreased by 540. This data suggests that there may be people interested in returning home, given the right economic opportunity. Cascade, specifically, has seen a population decrease of several hundred people. Data suggests that, since 2010, as many as 2,000 homes were sold to second home buyers, increasing the number of occasional housing units and decreasing housing for residents. Data from 2016 concludes that there were 332 vacant homes (for rent, sale or uninhabited) in the two-county area (*Highland Economics, 7-8*).

Economic analysis suggests that during the construction and operations periods, 170 employees and 120 employees, (respectively) would move to Adams and Valley County from outside the region.

Up to 170 employees may move to the two-county area to work for Midas Gold. If each of these employees moved with the average national household size of 2.7 people, this estimates there will be 460 new residents in Valley and Adams County. This growth projection represents a 3% increase in the current population (*Highland Economics, 8*).

Table ES-1: Estimated Employee Residency by Mine Phase

| Geography | Construction | | | Operations | | | Reclamation | | |
|--------------------------|--------------|-------|------|------------|-----|------|-------------|-----|------|
| | Low | Mid | High | Low | Mid | High | Low | Mid | High |
| Valley and Adams County | 20% | 30% | 40% | 20% | 35% | 50% | 40% | 55% | 70% |
| Elsewhere in Idaho | 30% | 37.5% | 45% | 50% | 45% | 40% | 30% | 25% | 20% |
| From U.S., Outside Idaho | 50% | 32.5% | 15% | 30% | 20% | 10% | 30% | 20% | 10% |

ECONOMIC UPDATES:

2017 figures show it would cost approximately \$1.1 billion to construct the Stibnite Gold Project and another approximately \$232.2 million each year for operation expenditures (*Highland Economics, 13*).

Revenue-based taxes, such as the Idaho and federal corporate income tax, the mine license tax and local property taxes will vary based on the price of gold, antimony and silver.

Accurately estimating economic impact to the local region requires a significant amount of confidence in where workers will choose to reside. Highland Economics reviewed economic impact based on low, medium and high projections of employee residency. Over the ~20 years of the projected Stibnite Gold Project (construction, operations and closure) and based on the 2017 best available data, the study estimated \$150.9 million in state and local taxes. Schools, law enforcement and local governments would see \$300,000 annually from property taxes. Annual state tax revenues were estimated, in 2017, to range between \$9 million and \$10 million during construction and operations and \$51.6 million to \$61.5 million annually in federal taxes (based on the pre-2018 tax regime), which adds up to be \$810 million in total federal taxes through the project life (*Highland Economics, 18*). As previously noted, these estimates would fluctuate with metal prices, input prices, tax rates and residency of employees.

Revenue-based taxes, such as the Idaho and federal corporate income tax, the mine license tax and local property taxes will vary based on the price of gold, antimony and silver (*Highland Economics, 18*).

Direct impacts are anything we can directly link to the Stibnite Gold Project. **Indirect** impacts are considered impacts that result from the purchase of goods and services related to our project — including equipment, electricity and services. **Induced** impacts are those resulting from increased household spending on things like groceries, goods, healthcare, real estate and services because of our project (*Highland Economics, 21*).

Local impacts on the economy from Midas Gold’s direct job creation are estimated at:

- \$18.1 million per year during construction,
- \$18.5 million per year during operations and
- \$3.6 million per year during reclamation (*Highland Economics, 11*).

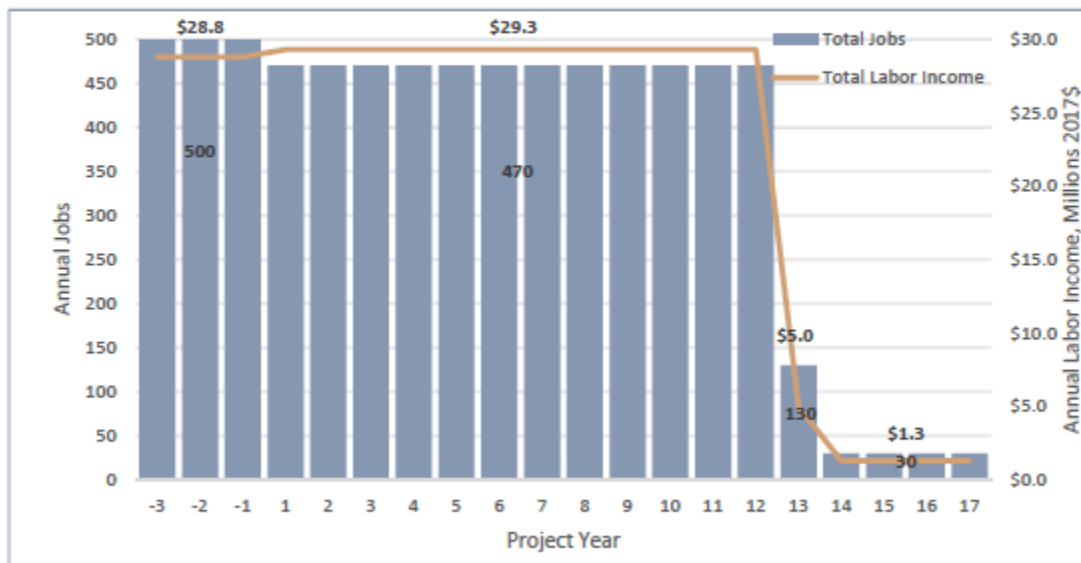
Annually, the direct, indirect and induced impacts from local job creation are estimated at:

- \$28.8 million per year in annual local income during construction,
- \$29.3 million per year during operations and
- \$5 million per year during final reclamation.

Based on the 2017 economics, total local income tax payments over the 20-year project are approximately \$448.2 million. Statewide, the mid-range estimates for direct, indirect and induced benefits from labor income include \$110.0 million in annual income during construction, \$71.6 million in operations and \$7.8 in reclamation (*Highland Economics, 11*). These numbers could vary widely depending on metal price, tax rates, etc. as noted above.

The study conducted by Highland Economics used 2017 tax information for state and federal tax rates and adjusted the federal corporate income tax rates to reflect changes made by Congress in late 2017 but did not make adjustments to reflect changes to the federal personal income tax rates. The study did not take into consideration Idaho’s reduction of state personal and corporate income taxes by 0.475% in 2018. Finally, the study did not estimate property taxes, vehicle license taxes or business license fees paid by employees or contractors (*Highland Economics, 18*).

Figure ES-1: Total Local Area Jobs and Income (Direct, Indirect, and Induced) Supported on Average by SGP Phase (Mid Estimates)



Note: Chart shows averages for the various periods, actual numbers will vary year-to-year.