IN THE MATTER OF	)	VOLUNTARY CONSENT
	)	ORDER/ADMINISTRATIVE ORDER ON
Midas Gold Idaho, Inc.	)	CONSENT
Stibnite Mining District	)	

I. PARTIES

The Idaho Department of Environmental Quality ("IDEQ") and the United States Environmental Protection Agency ("EPA") enter into this Voluntary Consent Order/Administrative Order on Consent ("Agreement") with Midas Gold Corp. ("MGC") as the owner of Midas Gold Idaho, Inc. ("MGII"), and Idaho Gold Resources Company, LLC ("IGRCLLC") as the owner of Stibnite Gold Company ("SGC"), with MGII being the mine operator and IGRCLLC and SGC being the owners of various patented, unpatented and mill site claims that comprise the property, (collectively "Midas"). All parties enter into this Agreement voluntarily. IDEQ and EPA are hereinafter collectively referred to as the "Agencies." IDEQ, EPA, and Midas are hereinafter collectively referred to as the "Parties" and may be singularly referred to as a "Party."

II. PURPOSE AND SCOPE OF AGREEMENT

The purpose and scope of this Agreement is to carry out a limited investigation into Existing Contamination from historical mining operations in the Stibnite Mining District ("the Stibnite Site") in the state of Idaho. The investigation activities for which Midas seeks approval are more particularly set forth in the Statement of Work ("SOW") attached hereto as Appendix A, incorporated herein by reference.

III. DEFINITIONS

Unless otherwise expressly provided herein, terms used in this Agreement that are defined in the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Federal Water Pollution Control Act ("Clean Water Act" or "CWA"), or the Idaho Environmental Protection and Health Act ("EPHA") shall have the meaning assigned to them in those statutes or their implementing regulations, including any amendments thereto. Whenever terms listed below are used in this Agreement, the following definitions shall apply:

a. "Agency" or "Agencies" shall mean IDEQ and EPA.

b. "Agreement" shall mean this Voluntary Consent Order/Administrative Order on Consent, all appendices attached hereto (listed in Section XI), and all documents incorporated by reference into this Agreement. In the event of conflict between this Agreement and any appendix, this Agreement shall control.

c. "BFPP" shall mean a bona fide prospective purchaser as defined in section 101(40) of CERCLA, 42 U.S.C. § 9601(40).

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d. "CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601–9675.

e. "Covered Sites" shall mean the Forest Service Repository and the DMEA Dump.

f. "CWA" shall mean the Federal Water Pollution Control Act, as amended, commonly referred to as the Clean Water Act, 33 U.S.C. §§ 1251–1387.

g. "Day" shall mean a calendar day unless expressly stated to be a working day. "Working day" shall mean a day other than a Saturday, Sunday, or Federal holiday. In computing any period of time under this Agreement, where the last day would fall on a Saturday, Sunday, or Federal holiday, the period shall run until the close of business of the next working day.

h. "DMEA Dump" shall mean the dump area associated with tunnel construction by the Bradley Mining Company, depicted on Appendix C.

i. "Effective Date" shall be the effective date of this Agreement as provided in Section X.

j. "EFSFSR" shall mean the East Fork South Fork Salmon River.

k. "EPA" shall mean the United States Environmental Protection Agency and any successor departments or agencies of the United States.

l. "EPHA" shall mean the Idaho Environmental Protection and Health Act, Idaho Code §§ 39-101 to 39-130.

m. "Existing Contamination" shall mean:

   i. any hazardous substances, pollutants, or contaminants present or existing on or under the Stibnite Site as of the Effective Date;

   ii. any hazardous substances, pollutants, or contaminants that migrated from the Stibnite Site before the Effective Date; and

   iii. any hazardous substances, pollutants, or contaminants presently at the Stibnite Site that migrate onto or under or from the Stibnite Site after the Effective Date.

n. "Forest Service" or "USFS" shall mean the United States Department of Agriculture Forest Service and any successor departments or agencies of the United States.

o. "Forest Service Smelter Waste Repository" means the legacy Forest Service-constructed repository depicted on Appendix C.

p. "HWMA" shall mean the Hazardous Waste Management Act of 1983, Idaho Code §§ 39-4401 to 39-4432.

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q. "IDEQ" shall mean the Idaho Department of Environmental Quality and any successor departments or agencies of the State of Idaho.

r. "IGRCLLC" shall mean Idaho Gold Resources Company, LLC.

s. "MGII" shall mean Midas Gold Idaho, Inc.

t. "MGC" shall mean Midas Gold Corp.

u. "Midas" shall mean MGII, MGC, IGRCLLC, and SGC.

v. "Mining Claims" shall mean those certain patented mining claims owned by Midas.

w. "National Contingency Plan" or "NCP" shall mean the National Oil and Hazardous Substances Pollution Contingency Plan promulgated pursuant to section 105 of CERCLA, 42 U.S.C. § 9605, codified at 40 C.F.R. Part 300, and any amendments thereto.

x. "NEPA" shall mean the National Environmental Policy Act, 42 U.S.C. §§ 4321 et seq., as amended, and any regulations promulgated pursuant thereto.

y. "Paragraph" shall mean a portion of this Agreement identified by an Arabic numeral or a lower case letter.

z. "Party" or "Parties" shall mean IDEQ, EPA, MGII, and MGC.

aa. "PRO" shall mean Midas's Plan of Restoration and Operations submitted to the Forest Service pursuant to 36 C.F.R. § 228 Subpart A.

bb. "Section" shall mean a portion of this Agreement identified by a Roman numeral.

cc. "SGC" shall mean Stibnite Gold Company.

dd. "SOW" shall mean the Statement of Work in Appendix A to this Agreement and any modifications made in accordance with this Agreement.

ee. "Stibnite Gold Project" shall mean Midas's comprehensive restoration, operation, and reclamation plan for the Stibnite Site, detailed in the PRO.

ff. "Stibnite Site" shall mean the historic Stibnite Mining District.

gg. "United States" shall mean the United States of America, its departments, agencies, and instrumentalities.

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hh. "Work" shall mean the limited investigation of Existing Contamination at the Covered Sites as set forth in the SOW.

ii. "Work Plan" shall mean the plan to be approved by the Agencies pursuant to Section VII of this Agreement.

IV. LIMITATION OF SCOPE

Nothing herein shall be deemed to affect or govern any of the parties' rights, duties, or obligations with respect to the identification, remediation, or cleanup of the Stibnite Site other than at the "Covered Sites." Each Party reserves all claims, rights, causes of action, and defenses with respect to the Stibnite Site, except as provided in this Agreement. The Parties agree that Midas's entry into this Agreement and the actions taken by Midas in accordance with this Agreement do not constitute an admission of any liability by Midas.

V. AUTHORITIES

The Statements of Authority set forth below shall not be construed to restrict, enlarge, or otherwise determine the rights, interests, and jurisdiction of the United States or the State of Idaho, or any of their respective departments, agencies, or members. Nor shall any statements made herein be construed to represent an admission, determination, settlement, or adjudication of any legal or factual dispute relating to any Party's rights, privileges, interests, authority, or jurisdiction. Each Party hereto reserves all claims, rights, causes of action, and defenses with respect to any claim of jurisdiction expressed herein.

1. FEDERAL AUTHORITY. Pursuant to Executive Order 12580, as amended by Executive Order 13016, the authority to conduct various activities and recover costs under CERCLA has been delegated to, among others, EPA. Such response activities include investigations and response activities (42 U.S.C. § 9604), cost recovery (42 U.S.C. § 9607), issuing such orders as may be necessary to protect public health or welfare or the environment (42 U.S.C. § 9606(a)), and entering into agreements to perform investigations (42 U.S.C. § 9622(d)(3)).

2. STATE AUTHORITY. The authority to identify, investigate and clean-up facilities where hazardous substances have come to be located in the State of Idaho has been delegated to IDEQ, pursuant to the EPHA and the Hazardous Waste Management Act of 1983 ("HWMA"), Idaho Code §§ 39-4401 to 39-4432. IDEQ is also the Idaho state agency with the authority to cooperate with EPA and to participate in the initiation and development of CERCLA response actions to be undertaken in the State of Idaho.

VI. FACTUAL BACKGROUND

1. Midas owns patented mining claims ("Mining Claims") within the Stibnite Site. Extensive mining has been conducted by prior owners and operators of the Stibnite Site, including the Bradley Mining Company. During World War II and the Korean War, mining in the Stibnite Mining District was encouraged and supported by the United

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States for strategic mineral development. Those mining activities include underground and open pit mining, heap leaching, ore processing in a mill, smelting, tailings disposal, development rock disposal, waterway diversions, hydro dam development, town and camp sites, haul roads, power lines, landfills, etc. Those activities, compounded by extensive forest fires, have resulted in releases of hazardous substances which have impaired water quality, compromised fish habitat, and elevated metals loading in surface and ground waters. The approximate extent of currently known historical mining operations at the Stibnite Site is indicated on the map attached hereto for informational purposes as Appendix B.

2. The Stibnite Site has been subject to substantial cost recovery litigation under CERCLA, and several consent decrees emerged from these actions including *Mobil Oil Corp. v. United States*, Case No. 1:99-cv-01467-LMB (E.D. Va.) (consent decree filed June 26, 2000); *United States v. Oberbillig*, Case No. 1:02-cv-00451-LMB (D. Idaho) (consent decree filed March 18, 2004); and *United States v. Bradley Mining Company*, Case No. 3:08-CV-03968 TEH (N.D. Cal.) and *United States v. Bradley Mining Company*, Case No. 3:08-CV-05501 TEH (N.D. Cal.) (consent decree filed April 19, 2012).

3. Midas is a bona fide prospective purchaser ("BFPP") as defined by section 101(40) of CERCLA, 42 U.S.C. § 9601(40). Midas has not conducted mining activities at the Stibnite Site and has conducted environmental investigations and site exploration activities in a manner consistent with and in order to maintain its status as a BFPP. Midas is presently assessing whether the Stibnite Site can be redeveloped, reclaimed, and restored. Midas has proposed to address the historical contamination and environmental impacts at the Stibnite Site through a comprehensive operation, reclamation and restoration plan (the "Stibnite Gold Project"), detailed in a Plan of Restoration and Operations ("PRO") submitted to the Forest Service pursuant to 36 C.F.R. § 228 Subpart A.

4. Since 2012, Midas has collected water quality monitoring samples in support of ongoing assessment of current site conditions and the National Environmental Policy Act ("NEPA") review of the PRO. Midas has previously provided those data to IDEQ and EPA, consistent with its continuing obligations as a BFPP.

5. The water quality sampling conducted to date has shown elevated arsenic and antimony levels in ground water beneath the Stibnite Site. One alluvial monitoring well (MWH-A19) near a legacy Forest Service-constructed repository ("Forest Service Smelter Waste Repository") has consistently measured particularly high arsenic concentrations, typically ranging from 3,000 to 6,000 μg/L and as high as 7,520 μg/L in a sample gathered in Q2 2017. By comparison, the arsenic concentration measured in the East Fork South Fork Salmon River ("EFSFR") near this location (site YP-SR-04) during the same quarterly monitoring period was measured at 48.4 μg/L.

6. Elevated arsenic, antimony, and mercury levels have also been detected in sampling locations located near a dump area associated with tunnel construction by the Bradley Mining Company pursuant to a contract and loan by the United States and supervised by

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the Defense Minerals Exploration Administration ("DMEA," hereinafter referred to as the "DMEA Dump").

7. The approximate locations of the Forest Service Smelter Waste Repository and the DMEA Dump are indicated on the map attached hereto for informational purposes as Appendix C.

VII. AGREEMENT

1. Without admitting any liability and expressly reserving all claims and defenses except as specifically waived herein, the Parties hereto mutually agree as follows:

    a. Midas agrees to conduct a limited initial investigation (the "Work") into Existing Contamination at the Covered Sites, pursuant to a work plan ("Work Plan") to be submitted for approval to the Agencies pursuant to this Agreement. The Work for which Midas seeks approval is more particularly set forth in the SOW attached hereto as Appendix A.

    b. Within thirty (30) days of the execution date of this Agreement, Midas shall submit the Work Plan to the Agencies for approval. The Work Plan shall describe the proposed investigation activities in detail and propose an expedited schedule to implement them.

    c. Within thirty (30) days following submission of the Work Plan, the Agencies shall approve, disapprove, or request revisions to the Work Plan. If either Agency requests revisions, Midas shall submit a revised Work Plan to both Agencies responding to their request(s) within fifteen (15) days of receipt of the Agency's notification of the requested revisions.

    d. When the Agencies have both approved the Work Plan, Midas shall implement the actions required thereunder as approved in writing by the Agencies in accordance with the schedule they have approved. Once approved, the Work Plan and schedule, and any subsequent modifications to those documents, shall be incorporated into and become fully enforceable under this Agreement.

    e. Midas shall not commence the Work, except as approved by the Agencies and in conformance with the terms of this Agreement. Midas may continue its ongoing water quality monitoring, which is not Work requiring approval under this Agreement.

    f. Midas agrees only to the Work approved pursuant to this Agreement and does not agree to perform any other removal or remedial action at the Stibnite Site. The Parties may, but are not obligated to, address any related removal or remedial action through a subsequent agreement.

VIII. CONSISTENCY WITH NATIONAL CONTINGENCY PLAN

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Any Work implemented or required under this Agreement shall be conducted in a manner that is not inconsistent with the National Oil and Hazardous Substances Pollution Contingency Plan ("NCP"), 40 C.F.R. Part 300, including without limitation 40 C.F.R. Subpart H (40 C.F.R. §§ 300.415 and 300.700).

IX. COMPLIANCE WITH OTHER LAWS

Except as set forth herein, this Agreement shall not relieve Midas from its obligations to comply with any of the applicable provisions of and the Parties hereto specifically reserve all other rights under the EPHA; the HWMA; the Idaho Water Quality Standards and Wastewater Treatment Requirements, IDAPA 16.01.02.001 to 16.01.02.999; the Rules and Standards for Hazardous Waste, IDAPA 16.01.05.001 to 16.01.05.999; the Ground Water Quality Rule, IDAPA 16.01.11.001-16.01.11.999, CERCLA, 42 U.S.C. §§ 9601–9675 and any other applicable local, state, tribal or federal law.

X. GENERAL PROVISIONS

1. Conflict Between Agreement and Appendices. To the extent of any conflict between the meaning of the terms and provisions in this Agreement and the Appendices, the meaning in this Agreement shall control.

2. Modifications. This Agreement may be modified by the Parties' mutual agreement. Agreed modifications to the Agreement must be in writing signed by an authorized representative of each Party.

3. Notice. All communications required by this Agreement shall be addressed to:

   [IDEQ Contact]

   [EPA Contact]

   [Midas Contact]
   Midas Gold Idaho, Inc.
   P.O. Box 429
   13181 Hwy 55
   Donnelly, ID 83615

4. Integration. This Agreement contains the entire agreement between the Parties. This Agreement Order may not be enlarged, modified, or altered, except in writing signed by the Parties.

5. Authority. Each Party represents and warrants that it has the authority to enter into this Agreement and to take all actions provided for herein and that no further action or authorization is required.

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6. Severability. In case any provision or authority of this Agreement or the application of this Agreement to any Party or circumstances is held by any judicial or administrative authority to be invalid, the application of such provisions to other Parties or circumstances and the remainder of the Agreement shall remain in force and not be affected thereby.

7. Termination. Upon fulfilling the requirements of this Agreement, Midas may petition the Agencies in writing for termination of this Agreement. This Agreement shall remain in full force and effect until the Agencies acknowledge in writing that the Agreement is terminated and that Midas has fulfilled all requirements of this Agreement.

8. Successors and Assigns. This Agreement shall bind Midas, its successors and assigns until terminated in writing by the Agencies.

9. Effective Date. The effective date of this Agreement shall be the later of the date of signature by the Director of the Idaho Department of Environmental Quality or the [EPA Representative].

XI. APPENDICES

The following appendices are attached to and incorporated into this Agreement:

a. Appendix A shall mean the SOW.

b. Appendix B shall mean the map depicting the approximate extent of currently known historical mining operations at the Stibnite Site.

c. Appendix C shall mean the map depicting the approximate locations of the Forest Service Smelter Waste Repository and the DMEA Dump.

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DATED this __ day of _____, 2019.

By: _____
John Tippets, Director
Idaho Department of Environmental Quality

DATED this __ day of _____, 2019.

By: _____
[EPA Representative]
United States Environmental Protection Agency
Office of Environmental Cleanup, Region 10

DATED this __ day of_____, 2019.

By: _____
[xx]
[xx]
Midas Gold Idaho, Inc.

By: _____
[xx]
[xx]
Midas Gold Corp.

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APPENDIX A

STATEMENT OF WORK

ASSESSMENT ACTIONS FOR THE STIBNITE MINE SITE

I. PURPOSE

The purpose and objective of the work described by this Statement of Work is to undertake Stibnite Site response activity in areas of previous contamination. Further details of work activities, including the sequencing of actions, will be included in work plans that will subsequently be approved by the Agencies pursuant to the Voluntary Consent Order/Administrative Order on Consent.

II. STATEMENT OF WORK

A. Forest Service Smelter Waste Repository

The subject area is located just south of the EFSFSR below its junction with Sugar Creek and on the west side of the EFSFSR above its junction with Sugar Creek. The Forest Service Smelter Waste Repository is located on private land with a small area in the SW corner on public land.

In 2002 and 2003, the United States Forest Service, in coordination with EPA and IDEQ, constructed an unlined smelter waste repository to store residual soils contaminated with high levels of arsenic and antimony from the former smelter and tailings from various "poison ponds" recovered in two removal actions near the former mill and smelter site (USFS, 2003).

The estimated volume of contaminated material in the Forest Service Smelter Waste Repository is estimated, from an after-action report (MSE, 2003), to be at least 400 cubic yards of smelter soil and residues as well as an unknown amount of former tailings and pond material. The dimensions described for the repository in the Smelter Stack Removal Action Report indicate the constructed cell had dimensions of approximately 288 feet x 77 feet x 8 feet for a total estimated contained volume of approximately 177,408 cubic feet. The estimated volume of tailings, contaminated soils and other materials is estimated at between approximately 6,170 cubic yards and 10,000 cubic yards.

Three groundwater monitoring wells drilled flanking the Forest Service Smelter Waste Repository have weakly elevated arsenic in groundwater, but a single well (MWH-A19) drilled directly down gradient has consistently reported exceptionally high total and dissolved arsenic and antimony (>3000-8000 µg/l arsenic) suggesting the presence of a source of soluble arsenic to load groundwater nearby.

<u>Proposed Elements of the Work Plan</u>

An investigation utilizing dye tests, synoptic methods and other field sampling methods and geochemical characterization is proposed for the spring and summer of 2019 to further evaluate whether a release of hazardous substances to surface waters (EFSRSR) is occurring or likely to occur. Field sampling procedures and measured parameters, sample preservation, chain of custody, analytical and quality control and quality assurance methods and analytical suites and

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laboratories will be the same as or consistent with those used in the agency-approved baseline surface and groundwater water quality studies for the MGII PRO (HDR, 2012; MWH, 2012). In particular, the elements of the Work Plan will include:

1. Dye tests & mini-synoptic at high flow vs. low flow;
2. Pump tests; and
3. Additional groundwater quality monitoring and well drilling if required.

B. DMEA Dump

The subject area is located west of and uphill from the EFSFSR below its junction with Meadow Creek. Access is along the Stibnite Road—an improved two-lane public county road just below the dump and via a small unimproved single lane trail up the slope. The dump and portal are on public land managed by the USFS.

The federal government, through United States Bureau of Mines (USBM), sponsored and loaned funds to assist mine operators in locating minable reserves of strategic metals under the Defense Mineral Exploration Administration (DMEA) program. The DMEA Dump area resulting from the tunnel construction has indicated high levels of arsenic, antimony and mercury that could be impacting groundwater and surface water through seepage from the collapsed portal and from the stream passing through the toe of the DMEA Dump.

In particular, surface runoff from the unnamed Creek flows through the dumps and possibly comes in contact with the dump materials and/or adit seepage water loading with metals and passing into groundwater and/or migrating into the EFSFSR several hundred feet nearby and down gradient. Additionally, there is potential surface water impacts to EFSFSR and possibly groundwater from high arsenic, antimony and mercury, which in sampled seep and gully waters has exceeded acute freshwater aquatic life standards down gradient from the dump area.

Proposed Elements of the Work Plan

An investigation utilizing dye tests, synoptic methods and other field sampling methods and geochemical characterization is proposed for the spring and summer of 2019 to further evaluate whether a release of hazardous substances to surface waters (EFSRSR). An auger hole may be warranted to evaluate whether the lower part of the dump is saturated and to help characterize the dumps overall geochemical composition. In particular, the elements of the Work Plan will include:

1. Dye tests & mini-synoptic at high flow vs. low flow;
2. Potential auger drilling to obtain sufficient material for further characterization of the DMEA Dump; and
3. Further Investigation to determine whether seeping bedrock portal can be closed efficiently.

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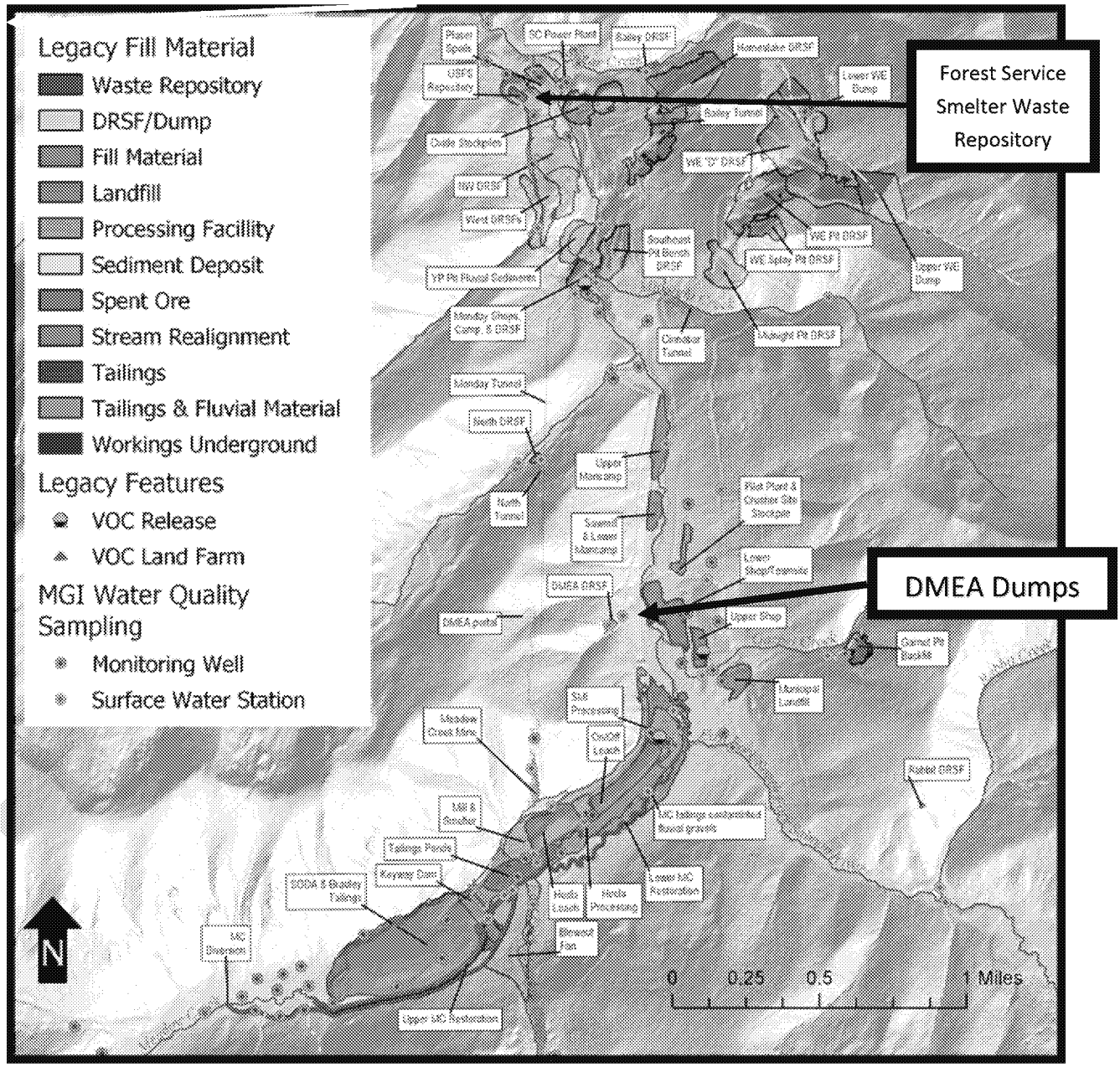
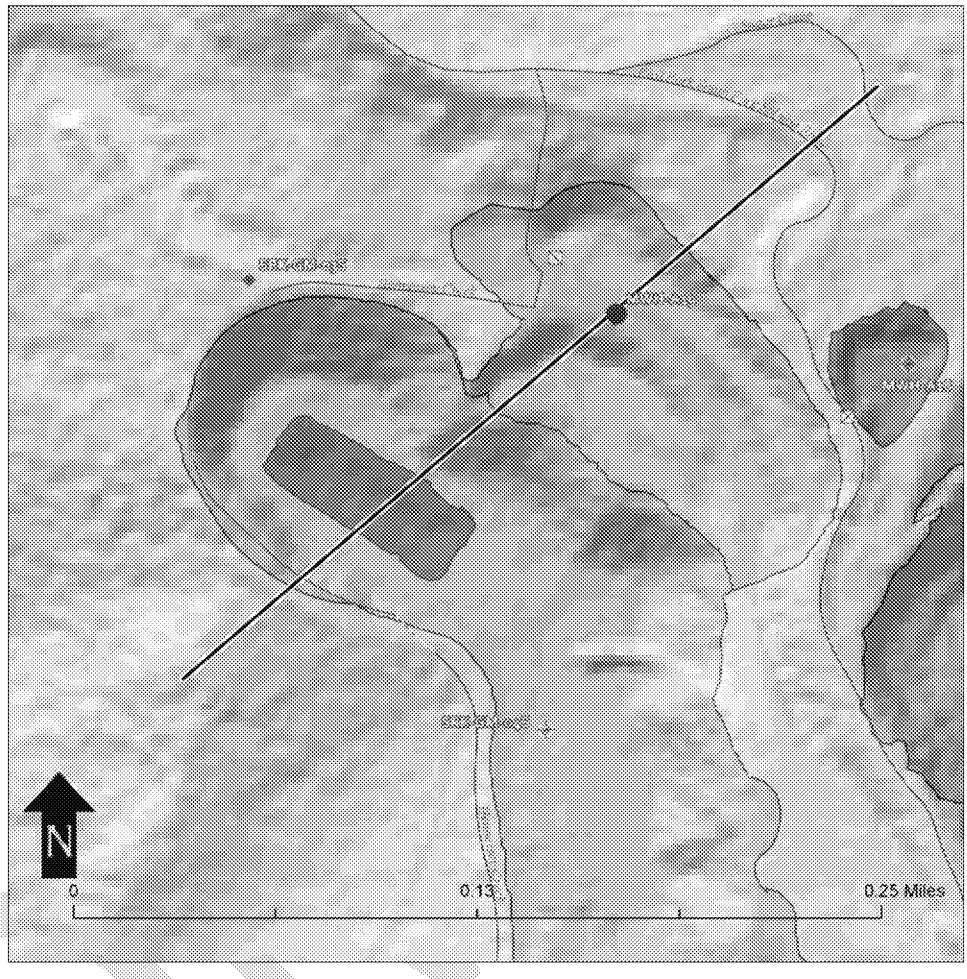
APPENDIX B

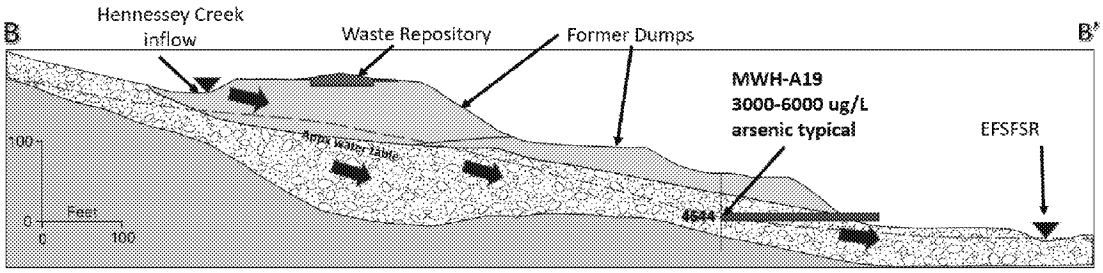

Legacy Fill Material
Waste Repository
DRSF/Dump
Fill Material
Landfill
Processing Facillity
Sediment Deposit
Spent Ore
Stream Realignment
Tailings
Tailings & Fluvial Material
Workings Underground
Legacy Features
VOC Release
VOC Land Farm
MGI Water Quality Sampling
Monitoring Well
Surface Water Station
Forest Service Smelter Waste Repository
DMEA Dumps
N
0
0.25
0.5
1 Miles

APPENDIX C

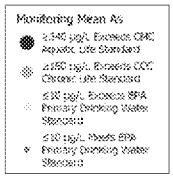
A. Forest Service Smelter Waste Repository and Profile Locations



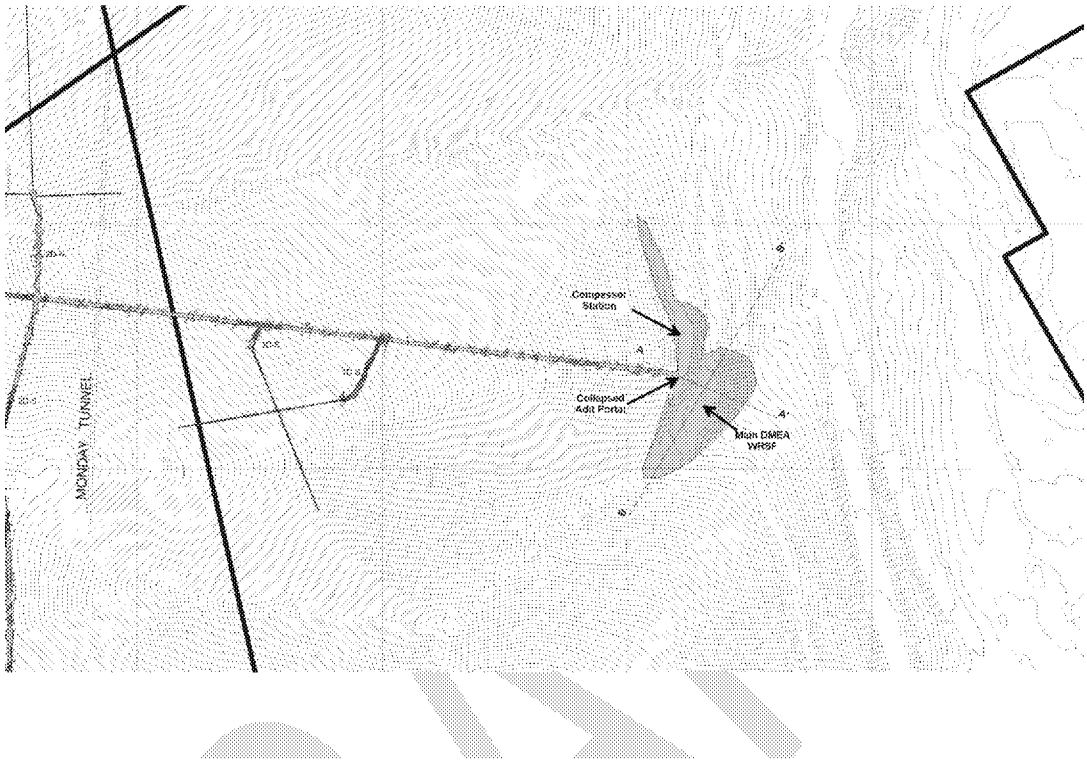
Northwest Bradley Waste Rock Dump
& Smelter Waste Repository Cross Section

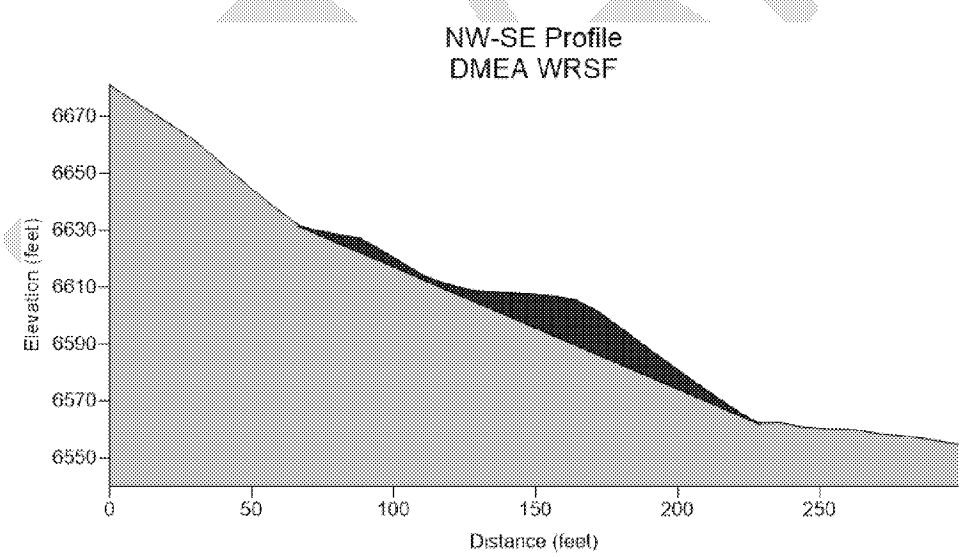


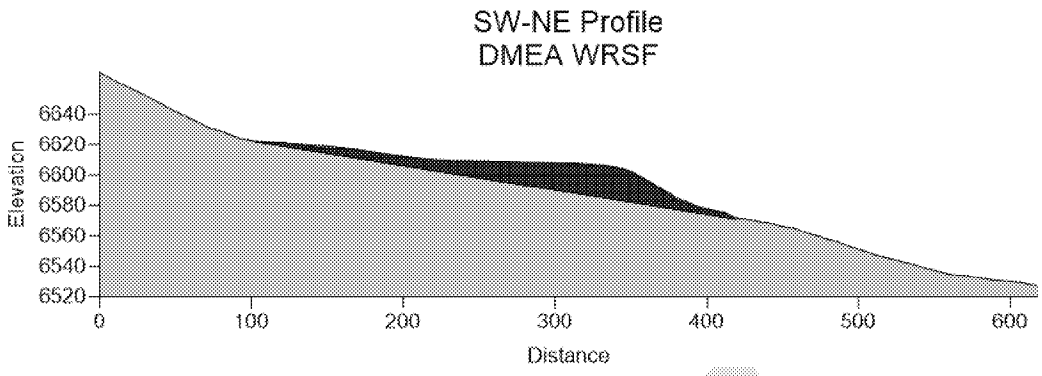
- Highly elevated geochemical values present in legacy dump materials adjacent to well
- Adjacent wells do not typically exceed WQ standards suggesting a local phenomena
- Bedrock source (at least proximal source) unlikely
- Also potential for other sources upgradient (Yellow Pine Deposit)



B. DMEA Dump Portal and Profile Locations







References

HDR, Inc. (2012) Appendix A, Surface Water Quality Baseline Study Work Plan for the Stibnite Gold Project, 2016. Prepared for Midas Gold Idaho, Inc. and Cooperating Agencies for baseline studies to support the Stibnite Gold Project Environmental Impact Statement, (including updates in 2014, 2015, and 2016)

USFS (2003) Removal Report, Smelter Stack Removal Action, Yellow Pine, Idaho, August 2003. Report from Pat Trainor, On Scene Coordinator, USDA - Forest Service, Region 4 - Payette National Forest McCall, Idaho.

MWH (2012) Groundwater Hydrology Baseline Study Work Plan, May 2012.

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