

MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Monday, February 20, 2012
TIME: 1:30 P.M.
PLACE: Room EW41
MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Schaefer, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Caitlin Lavelle, Mckinsey Miller and Matt Kaiserman, Gallatin Public Affairs; Ryan Morgan and Lon Stewart, Centra Inc.; Anne Labelle and Rick Richins, Midas Gold; Steve West, Centra Consulting; Justin Hayes, Idaho Conservation League

Chairman Raybould called the meeting to order at 1:35 p.m.

Chairman Raybould introduced **Candace Aguirre**, House Page, who has been assigned to the committee for the second half of the session.

MOTION: **Rep. Smith (30)** made a motion to approve the minutes of the February 14, 2012 and February 16, 2012 meetings. **Motion carried by voice vote.**

Anne Labelle, Vice President, Midas Gold Corp., explained that Midas Gold Corp., through its wholly owned subsidiaries Midas Gold Inc., and Idaho Gold Resources, LLC, is focused on the exploration and, if warranted, development of the Golden Meadows Project. The parent company is located in Vancouver, British Columbia, Canada, and is listed on the Toronto Stock Exchange. Midas Gold Inc. is situated in the Spokane Valley of Washington State. Ms. Labelle presented an over-view of the Golden Meadows Project, the company's preliminary findings and projections for the mining of gold, antimony and tungsten near historic Stibnite, Idaho, in Valley County. She reviewed the mining from the 1880's and the Thunder Mountain gold rush through periods of high metals production and eventual dormancy to the 2009 acquisition by Midas Gold. Ms. Labelle also explained that currently, the company had a local hire/local purchase policy. She noted that in 2011, directly and indirectly, they employed more than 115 people and spent more than \$12 million on salaries, consultants, supplies, vendors and the operation of a manned camp. She also explained that the exploration had prompted their conceptual plan, which would include mining in three primary areas: Hangar Flats, Yellow Pine and West End. She projected that the life of the mine could be 10 to 15 years or more, that they were targeting a plan for processing approximately 20,000 tons of ore per day, and that the mining could mean several hundred million dollars in construction costs, 350-500 people directly employed, with \$25-\$30 million in direct compensation payments. She emphasized the Midas' commitment to the environment with emphasis on multiple use and government-guided reclamation.

In response to questions from the committee, **Ms. Labelle** stated that Midas Gold did not intend to move company people into the area. Their goal is to create jobs and be a part of the existing communities where unemployment is two to five percentage points above the national average. She said that Hecla Mining Company had remediated and reclaimed the area before their mining operation had ceased in early 1990. In response to a question regarding the type of mining, Ms. Labelle said that the mine would be "open pit", would be a milling and flotation operation, and that the assayed ore from the drilling samples has been encouraging.

Rick Richens, Midas Gold, was called upon to answer a question posed by the committee regarding water quality of proposed mining-site water sources. He said the water quality is good and that the existing lake contains both cold water and anadromous fish.

In response to questions concerning the Environmental Impact Statement (EIS) and other permitting and regulatory requirements, **Ms. Labelle** stated that the permitting program for a full-scale mining and processing operation at Golden Meadows was planned for late 2012. She noted that there were 50+ environmental permits required, including Ground Water Rule. Their goal is to get a Record of Decision (ROD) from the Environmental Protection Agency as soon as possible.

Responding to questions from the committee, **Ms. Labelle** stated that the federal and state permitting process could take from four to six years. She explained that the land ownership is mostly Forest Service Lands, that there were water rights with the property and that the company would restore existing roads when possible. She told the committee that the local agencies had been noncommittal, but positive. She noted that the processing would take place close to the ore deposit and that they would not "heap leach" but they would use crushing in a controlled and enclosed environment. She explained that any metal can pollute but that the company planned to keep the metals out of the water and control the sediment, thus minimizing pollution.

Ms. Labelle explained that China supplies approximately 90% of the world's antimony. The United States gets 73% of its antimony from China which is used in flame retardants, semiconductors and recordable media, welding and soldering products, motor vehicles, munitions and mechanical appliances.

Regarding China's plan to cut exports of antimony, **Ms. Labelle** stated that China's policy change would leave the United States dependent upon other sources. She also stated that exploratory drilling leads Midas Gold to believe there is enough antimony in the Valley County deposits to meet the nation's demand. In response to further questions pertaining to the economic feasibility, she said that the company was not doing their economic study based on the value of antimony but on the value of gold. She also stated that because of regulatory rules the company cannot state a specific price on the metals. They have to use a very conservative estimate. She told the committee members that the water license and the study by the Army Corps of Engineers would be the more expensive of the permits.

Chairman Raybould asked what actions the committee could take to support the Midas Gold's Idaho project. After discussion with **Ms. Labelle**, it was decided by the committee to work with the company and Valley County residents in preparing a resolution to send to Idaho's Congressional Delegation encouraging state and federal agencies to give priority to the Golden Meadow Project.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:34 p.m.

Representative Raybould
Chair

Jean Vance
Secretary