

**COMMUNITY AGREEMENT**

**EFFECTIVE THIS 30<sup>TH</sup> DAY OF NOVEMBER, 2018**

**AMONG**

**THE CITIES OF [NTD: CONFIRM LIST ONCE FINALIZED] CASCADE, COUNCIL,  
DONNELLY, MCCALL, NEW MEADOWS, AND RIGGINS**

**AND**

**THE VILLAGE OF YELLOW PINE**

**AND**

**[NTD: CONFIRM LIST ONCE FINALIZED] ADAMS, IDAHO AND VALLEY COUNTIES**

Being, collectively, the “Communities”

**AND**

**MIDAS GOLD**

Being, collectively, Midas Gold Idaho, Inc. the operating entity for  
the Stibnite Gold Project, and its parent company, Midas Gold Corp.

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## **PREAMBLE**

WHEREAS the signatories to this Agreement (each a “Party” and collectively the “Parties”) may be affected by the Stibnite Gold Project.

WHEREAS the Parties want to create a long-term working relationship based on mutual trust, respect, transparency and accountability, that also provides for firm commitments to care for people and the environment while supporting economic opportunity for the region.

WHEREAS this Community Agreement is not an endorsement of the Stibnite Gold Project and does not contain any obligation to endorse the Stibnite Gold Project.

WHEREAS this Community Agreement is designed to create a framework for ongoing communication, information exchange, and sharing of benefits.

WHEREAS Midas Gold is committed to socially and environmentally responsible activities now, and throughout the life of the Stibnite Gold Project, and wishes to formalize this commitment for the long term.

**NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

## CHAPTER 1: COMMITMENTS

- 1) The Parties want to support each other in achieving a positive and values-based vision for the future of the region, particularly as it pertains to the Stibnite Gold Project's impact on Communities.
- 2) This Community Agreement is not an endorsement of the Stibnite Gold Project and does not contain any obligation to endorse the Stibnite Gold Project.
- 3) The purpose of this Community Agreement is:
  - a) to create a mechanism and opportunity for the Communities in Idaho's West Central Mountains area and Midas Gold to discuss, in good faith, the potential and actual impacts of the Stibnite Gold Project on the Communities; and
  - b) to create resources and a framework for ongoing communication, information exchange, and sharing of benefits in order to work collectively to enhance the sustainability of the Communities.
- 4) Accordingly, each Party agrees to:
  - a) Participate in the Stibnite Advisory Council;
  - b) Participate in the NEPA comment period for the Stibnite Gold Project; and
  - c) Participate in the Stibnite Foundation.
- 5) For greater clarity:
  - a) **Stibnite Advisory Council** – To participate in the Stibnite Advisory Council means that the Parties will collectively establish an advisory council comprised of designees of the Parties. The Council will serve as the principal forum for communication among the Parties regarding the Stibnite Gold Project now and throughout the life of the Project, and it will also provide oversight for the implementation of this Community Agreement in an efficient, solution-oriented, timely and cooperative manner. See Chapter 2 of this Community Agreement for further details.
  - b) **NEPA comment period** – To participate in the National Environmental Policy Act (“NEPA”) comment period means taking reasonable steps to understand the Stibnite Gold Project and subsequently providing an informed comment letter to the U.S. Forest Service. “Reasonable steps” may include information sharing, discussion, and potential resolution of matters related to the Project by participating in the meetings of the Stibnite Advisory Council. See Chapter 3 of this Community Agreement for further details.
  - c) **Stibnite Foundation** – To participate in the Stibnite Foundation means an individual will be designated by each Party to serve on the board of a charitable foundation that will support the objectives of the region's residents. Funding will be provided to the Stibnite Foundation by Midas Gold. See Chapter 4 of this Community Agreement for further details.

## CHAPTER 2: COMMUNICATION AND STIBNITE ADVISORY COUNCIL

- 1) The Parties value open, transparent communication and desire to implement this Community Agreement effectively and cooperatively in accordance with its terms. Accordingly, they have agreed to collectively establish an advisory council (the “Stibnite Advisory Council”).
- 2) As soon as practicable, and thereafter on an annual basis, each Party shall, in accordance with its own rules, designate an individual (“Representative”) to serve a one-year term as a member of the Stibnite Advisory Council.
- 3) Midas Gold’s Representative shall serve as Chair of the Stibnite Advisory Council until a Chair is elected in accordance with rules established by the Council.
- 4) At any time, and at its sole discretion, a Party may remove its Representative from the Stibnite Advisory Council. The Party shall take reasonable steps to designate a replacement.
- 5) The Parties intend that, as soon as practicable and, in any event not later than March 31, 2019, the Stibnite Advisory Council will establish itself as a formal organization, develop rules governing its operation including, but not limited to, matters such as meeting schedule, voting, election of a Chair, staggering of terms to provide continuity to the Council, replacement of Representatives, appointment of alternates and/or successors, goals and objectives, proactive solutions, coordination of the Council with the Stibnite Foundation and other local organizations that may have an interest in the subject matter under consideration of the Council.
- 6) The Parties intend that the Stibnite Advisory Council will, on an ongoing basis, provide regular updates to the Parties regarding the Council meetings and the implementation of this Agreement. Such updates may take the form of a letter, newsletter, presentation, public meeting, blog, video or other method deemed suitable by the Council.
- 7) Midas Gold shall provide reasonable administrative support and resources to the Council.
- 8) The Parties intend that the Stibnite Advisory Council discuss topics of interest to the Parties at the relevant time, which may include, but are not limited to:
  - a) Project status;
  - b) Safety & Environment;
  - c) Employment and Workforce Training;
  - d) Business Opportunities:
    - i) Contracting;
    - ii) Supply of consumables;
    - iii) Services.
  - e) Housing & Infrastructure:

- i) Transportation and access;
  - ii) Power and communication infrastructure upgrades;
  - iii) Road maintenance;
  - iv) Traffic; and
  - v) Recreational access and use.
- f) Community and Family Support & Sustainability:
- i) Stibnite Foundation;
  - ii) Education;
  - iii) Health and Fitness;
  - iv) Humanities, Arts, and Culture;
  - v) Police and Fire;
  - vi) Recycling; and
  - vii) Local food economy.
- 9) The Parties intend that the Council may, on an as-needed basis, establish working groups, and/or collaborate with existing working groups or organizations, to discuss matters of greater interest to some of the Parties.

### CHAPTER 3: PARTICIPATION IN THE NEPA COMMENT PERIOD

- 1) Site restoration and re-development of mineral resources at Stibnite, generally known as the Stibnite Gold Project or Project, has been proposed in the Plan of Restoration and Operations (“PRO”) that Midas Gold filed with the United States Forest Service (“Forest Service”) and other regulatory authorities in September 2016 and is currently under a public and regulatory review process, in accordance with the National Environmental Policy Act (“NEPA”).
- 2) Parties have agreed to take reasonable steps to be informed about the Stibnite Gold Project with the purpose that being informed improves open communication and resolutions. Participation in the Stibnite Advisory Council, as noted above, is intended to help fulfil this obligation of the Parties.
- 3) Each Party shall provide one or more documents (each a “Comment Letter”) to the Forest Service during one or more of the public comment periods of the NEPA process related to the Stibnite Gold Project.
- 4) Each Party, at its sole discretion, shall determine the content of its Comment Letter(s).

## CHAPTER 4: THE STIBNITE FOUNDATION

- 1) Within 90 days of the Effective Date of this Community Agreement, Midas Gold shall establish the Stibnite Foundation, and subsequently shall apply for status of the Stibnite Foundation as a non-profit organization, in order to provide a long-term and sustainable mechanism to fund projects that are of benefit to the Communities.
- 2) Midas Gold shall provide funding to the Stibnite Foundation as noted below in this Community Agreement.
- 3) The Parties do not intend that the Stibnite Foundation funding be used to address direct impacts of the Stibnite Gold Project as the Parties anticipate such matters will be addressed by the NEPA process and/or in permits that may be granted by regulatory agencies.
- 4) The Parties intend that the Stibnite Foundation Board coordinate with the Stibnite Advisory Council in resolving matters that are important to the Communities and that may be indirectly associated with the impact of the Project, or matters that are not addressed by formal regulatory processes. All eligible entities, including any entity that is a signatory to this Agreement and any entity that is not a signatory to this Agreement, may apply to the Stibnite Foundation for funding.
- 5) The Parties intend for the Stibnite Foundation to award funding for projects that are, among other things, likely to provide benefits to the Communities of the region. Depending on the project, the Stibnite Foundation may provide matching funds to complete requirements for an award of a larger grant or it may fund smaller projects in their entirety.
- 6) As soon as practicable, and thereafter on an annual basis, each Party shall, in accordance with its own rules, designate an individual (“Board Member”) to serve a one-year term on the Board of the Stibnite Foundation and help determine the distribution of funds in accordance with the Bylaws of the Stibnite Foundation.
- 7) The Parties intend that the Stibnite Foundation create an endowment that will continue beyond the conclusion of the Stibnite Gold Project, and therefore the obligation of each Party to designate a Board Member on an annual basis shall survive the termination of this Community Agreement.
- 8) Midas Gold’s designee shall serve as the initial Chair of the Stibnite Foundation.
- 9) The Parties intend that individuals appointed as Board Members provide guidance regarding the rules governing the Stibnite Foundation.



- 10) At any time, and at its sole discretion, a Party may remove its designee from the Stibnite Foundation Board. The Party shall take reasonable steps to designate a replacement.
- 11) As the Stibnite Gold Project progresses, Midas Gold will share the results of its growth with the Stibnite Foundation and, by extension, with the Communities. Accordingly, Midas Gold will provide the following to the Stibnite Foundation:
- a) Within 60 days of the formation of the Stibnite Foundation in accordance with this Community Agreement, Midas Gold will make an initial grant to the Stibnite Foundation of \$100,000 and, subject to regulatory approval, 1.5 million shares of Midas Gold Corp., or the equivalent value if such shares are not available.
  - b) In the first quarter of 2019 and in the first quarter of 2020, Midas Gold shall make additional grants of \$100,000 to the Stibnite Foundation.
  - c) Within 15 days of receipt of a positive Record of Decision for the Stibnite Gold Project, Midas Gold shall make a further grant of \$100,000 to the Stibnite Foundation.
  - d) Within 15 days of receipt of all permits and approvals necessary for the commencement of construction of the Stibnite Gold Project, Midas Gold shall make a grant of \$100,000 and, subject to regulatory approval, a further 1.5 million shares of Midas Gold Corp., or the equivalent value if such shares are not available, to the Stibnite Foundation.
  - e) Within 15 days of commencement of construction, as publicly declared by Midas Gold Corp., and not later than January 15 of every subsequent full year of construction until the commencement of commercial production, as publicly declared by Midas Gold, Midas Gold shall make a grant of \$250,000 per year to the Stibnite Foundation. For the year of transition from construction to commercial production, this grant shall be prorated, in arrears, for the number of days of construction, and any overpayment will be considered as an advance on future payments.
  - f) Within 15 days of commencement of commercial production, as publicly declared by Midas Gold Corp., Midas Gold shall make a grant of \$500,000 to the Stibnite Foundation.
  - g) For the first full year of commercial production, as publicly declared by Midas Gold, Midas Gold shall make a grant of a Minimum Payment (as defined below, being \$500,000) to the Stibnite Foundation, payable in quarterly installments.
  - h) Within 15 days of the filing of the annual financial statements of Midas Gold Corp., for the full first year after commencement of commercial production, as publicly declared by Midas Gold Corp., and in every subsequent full year of commercial production, Midas Gold shall make a grant of the greater of (i) 1% of publicly reported Total Comprehensive Income, after deducting Debt Repayments (including principal and interest) (the “Calculated Payment”), or (ii) \$500,000 (the “Minimum Payment”) to the Stibnite Foundation, payable in quarterly installments.
  - i) Any amount in excess of the Calculated Payment needed to achieve the Minimum Payment in any given year of commercial production will be considered as an advance on future payments and the overpayment amount(s) will be carried forward to offset the payment(s) in the subsequent year(s) of commercial production that exceed the Minimum Payment.

- ii) Total Comprehensive Income is defined as included in the Consolidated Statement of Comprehensive Income of the Audited Consolidated Financial Statements of Midas Gold Corp. that have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, or if unavailable, similarly internally prepared financial statements.
  - iii) Debt Repayments are those included in the Consolidated Statements of Cash Flow of the Audited Consolidated Financial Statements of Midas Gold Corp. that have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board or, if unavailable, similarly internally prepared financial statements.
  - i) Upon commencement of the final reclamation phase of the Stibnite Gold Project, as publicly declared by Midas Gold Corp., Midas Gold shall make a final, one-time grant of \$1 million to the Stibnite Foundation.
  - j) In the event that the Stibnite Gold Project ceases operation, either temporarily or permanently, before the end of the designated mine life, as publicly announced by Midas Gold Corp., the payments will be prorated for the time in operation.
- 12) The Parties intend that the shares of Midas Gold Corp. donated to the Stibnite Foundation be retained longer-term in order to provide the basis for a lasting endowment and that, in addition, a certain percentage of the cash component should be retained as part of the long-term endowment, with the substantial majority of the cash component being distributed each year.

## CHAPTER 5: GENERAL MATTERS

### 1) **Interpretation**

- a) The Preamble is an integral part of this Community Agreement.
- b) Any informational topics that may be attached to this Community Agreement are provided solely as background information and are not part of this Community Agreement.
- c) Headings, including the table of contents, are included for convenience only, and do not affect the construction or interpretation of any provision in this Community Agreement.
- d) All capitalized terms have the meanings ascribed to them in this Community Agreement.
- e) In this Community Agreement, a year is a calendar year and a day is a calendar day.

### 2) **Effective Date and Term of Agreement**

- a) The Effective Date of this Community Agreement is the date first written above.
- b) This Community Agreement shall terminate automatically on the date that is one year following the commencement of the final Reclamation phase of the Stibnite Gold Project as publicly announced by Midas Gold Corp. (the “Termination Date”).
- c) Notwithstanding the termination clause above, the obligation of each Party to annually designate a Stibnite Foundation Board Member shall survive the termination of this Community Agreement and shall continue for such period of time as the Stibnite Foundation exists, unless such Party opts out of this Community Agreement in accordance with the provisions below.

### 3) **Opt-Out**

- a) Any Party, except for Midas Gold, may opt out of this Community Agreement and have no further obligation under this Agreement, by providing written notice to each other Party.
- b) Midas Gold, and any successors or assigns of Midas Gold, may not opt out of this Community Agreement and shall be bound by the intent of, and its obligations under, this Community Agreement until the Termination Date.

### 4) **Amendments**

- a) This Agreement may be amended only by agreement of a super-majority of at least two-thirds of the Parties. Amendments may include the addition of one or more entities that

may, in future, want to participate in this Community Agreement. Notwithstanding this amendment clause, the payment obligations in this Community Agreement may not be amended without the prior written consent of Midas Gold.

**5) Responsibilities of the Parties**

- a) Each Party acknowledges the value of openness and transparency and acknowledges its own responsibility for following applicable laws, rules and regulations.

**6) Entire Agreement**

- a) This Community Agreement is the entire agreement among the Parties.

**7) Notices to Parties**

- a) To be effective, a Notice must be in writing, signed by the initiating Party, and delivered to the receiving Party at its usual office address.

**8) News Releases and Public Announcements**

- a) Parties will take reasonable steps to coordinate with each other regarding any news release and/or public announcement regarding this Community Agreement or the collective actions contemplated herein.

**9) Default or Breach of Agreement and Available Remedies**

- a) A Party will be in default or in breach of this Agreement only if such Party receives Notice of an alleged default or breach and does not cure within 30 days of such Notice.
- b) A Party shall not use a breach or default by any one Party as grounds for the revocation of this Community Agreement, in whole or in part.
- c) Furthermore, nothing in this Community Agreement shall be construed as relieving Midas Gold from its obligation to fund the Stibnite Foundation in accordance with this Community Agreement.
- d) The remedy available to be used against an uncured breaching/defaulting Party, other than Midas Gold, is limited to the loss of such Party's right to designate a Representative on the Stibnite Advisory Council and/or the right to designate a Board Member on the Stibnite Foundation.

## **10) Governing Law**

- a) This Community Agreement shall be governed by the laws of the State of Idaho.

## **11) Dispute Resolution**

- a) In the event of a dispute among the Parties with respect to this Community Agreement, the Party raising the dispute (the “Initiating Party”) may give Notice in writing to the other Party (the “Receiving Party”), with a copy of such Notice to each other Party, providing particulars of the matter and the remedy sought.
- b) Within 10 days after the date of the Notice, the Initiating Party and Receiving Party shall meet and shall use best efforts to resolve the matter in good faith.
- c) If there is no mutually acceptable resolution of the matter within 30 days of the Notice, the Initiating Party may, and provided the Initiating Party has the agreement in writing of a majority of the other Parties, take the matter to mediation under applicable laws.
- d) If there is no resolution, acceptable to a majority of the Parties, of the matter within 30 days of the commencement of the mediation, the Parties may take the matter to arbitration under applicable laws by a suitably qualified arbitrator, who shall be a person mutually agreeable to the Parties; provided that, if the Parties are unable to agree on an arbitrator within 15 days of a Party providing a Notice to proceed to arbitration, the Chair of the Stibnite Advisory Council shall choose the arbitrator within a further 30 days.
- e) The decision of the arbitrator shall be binding on the Parties and no further action may be taken by the Parties.

## CHAPTER 6: SIGNATORIES

IN WITNESS THEREOF, the Parties hereto have executed, in the spirit of cooperation, this Community Agreement effective on the date first written above.

City of Cascade

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City of Council

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City of Donnelly

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City of McCall

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City of New Meadows

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City of Riggins

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Village of Yellow Pine

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Adams County

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Idaho County

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Valley County

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Midas Gold Idaho, Inc.

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Midas Gold Corp.

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