



DIRK KEMPTHORNE
GOVERNOR

December 20, 1999

Ms. Mari-Ann Green, Director
Formation Capital Corporation
812 Shoup Street
Salmon, ID 83467

Dear Ms. Green:

Since the discovery of Gold at Orofino in 1863, mining and mineral processing have been driving forces behind the Idaho economy. The over \$1 billion worth of minerals annually produced and process in Idaho account for nearly \$2 billion a year in direct and indirect benefits to the economy of Idaho.

Mining is of great importance to Idaho, as part of both our economy and heritage. As Governor, I encourage the development of Idaho's mineral resources in a manner that will accomplish strict compliance with federal and state environmental regulation. State policies, laws and objectives are in place to promote stable and competitive mining industry objectives.

The state of Idaho requires all phases of mining to comply with all federal and state laws governing the protection of water quality. The objective is to have all projects minimize the impacts of their activities on waters of the state. Mining operations will be expected to assume an equitable share of any restrictions necessary to meet water quality goals on impaired water bodies in the state. In addition, the Governor, through the State Land Board, will insist that all new mining operations provide adequate financial assurances to protect the interests of the citizens of Idaho should the operation fail to meet its reclamation objectives.

On the basis of compliance with the above noted federal and state environmental regulations, as Governor, I foresee no regulatory obstacles which may form a hindrance to the successful permitting of the Sunshine Project located in Lemhi county, currently being developed by Formation Capital Corporation. We will work with you throughout the permitting process.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk Kempthorne", written over a large, stylized circular flourish.

DIRK KEMPTHORNE
Governor

DK:jt