



STATE OF IDAHO  
DEPARTMENT OF  
ENVIRONMENTAL QUALITY

1410 North Hilton • Boise, Idaho 83706-1255 • (208) 373-0502

Dirk Kempthorne, Governor  
Toni Hardesty, Director

Mr. J. Scott Bending, President  
Formation Capital Corporation  
Suite 1510 - 999 West Hastings Street  
Vancouver, BC  
V6C 2W2 Canada

Re: Work efforts on Big Creek.

September 24, 2004

Dear Mr. Bending,

On behalf of the Idaho Department of Environmental Quality (IDEQ), I want to thank you for the efforts of your staff at the Big Creek Facility. Mr. John Allen and his support staff have been instrumental in assisting the IDEQ in developing successful repository for mine waste at our Big Creek Repository.

John Allen has provided support through his extensive knowledge of background conditions that exist at the mining and milling complex on Big Creek. Numerous times the various government agencies have requested information from Mr. Allen and his staff so that we can address many of the concerns that the IDEQ and US Environmental Protection Agency have had as we have converted part of the Sunshine facility into a waste repository.

Over the last two years I have had numerous discussions with the Formation team in Kellogg regarding their plans for the refinery and tailing facility. I have provided the IDEQ perspective for them as they are working through the numerous permitting challenges. I am impressed by their intent on providing the correct information and doing the job right the first time. While this may be frustrating at first, Mr. Allen and his team see the value added in cooperation and compliance and the positive impacts on future operations.

Lastly, on behalf the IDEQ, I want to thank Formation Chemicals Inc., for transferring a 2-3 acre parcel to the IDEQ for use in the development of the Big Creek Repository. The property was key to the successful management of the repository and will allow a more sensible approach to the overall management of that property. The IDEQ is currently in the process of providing an inclusive easement for all the utilities that occur on this property, including the access agreement with Formation Chemicals Inc.

Thank you for the positive attitude toward compliance and the cooperation your company has shown our agency as we have developed critical aspects of the clean up of the Coeur d' Alene Basin.

Sincerely,

A handwritten signature in black ink, appearing to read "John Lawson", written over a light blue horizontal line.

John Lawson  
Idaho Department of Environmental Quality

XC: Rob Hanson, Idaho Department of Environmental Quality  
John Allen, Formation Chemicals Inc.