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HAND DELIVERED

Idaho Department of Water Resources
Western Region
2735 Airport Way
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R E C E I V E D

AUG 12 2009

WATER RESOURCES
WESTERN REGION

Re: Water Right Nos. 77-07122 and 77-07141, Change in Water Right Ownership

Dear Sir or Madam:

I am enclosing with this letter a Notice of Change in Water Right Ownership of the above water rights. Each water right has been partially decreed and the name of the owner under the decree is Stibnite Mine Inc. The new owner is Midas Gold, Inc.

Each of these water rights have as their point of diversion and their place of use the real property formerly owned by the Estate of J.J. Oberbillig. The Oberbillig estate in 1970 leased several hundred unpatented lode mining claims to Electronic Metals, Inc., an Idaho corporation, who in turn in 1975 sublet some of the unpatented lode mining claims to Canadian Superior Mining (U.S.) Ltd. That entity or its parent corporation located several millsite claims to cover the ground where its processing area was to be located and where it created a camp for its employees. It located them in the name of the Oberbillig estate since the area on which the mill site claims were located was on claims subject to its sublease. Canadian Superior Mining (U.S.) Ltd., filed the two applications for the above water rights and received permits. Your files show that through various assignments the permits were transferred to subsequent operators of the mine and finally to Stibnite Mine Inc., the last operator. Stibnite Mine ultimately received the licenses and subsequently is the entity named in the partial decrees.

In 1997 Stibnite Mine defaulted under the sublease with Electronic which caused Electronic to default under its lease with the Oberbillig estate. As a consequence, those leases terminated.

Before the default, the Oberbillig estate received the patent to the mill sites. A copy of that patent and the Mineral Survey are enclosed. The Oberbillig Estate entered into an agreement with Midas Gold, Inc., to sell it the patented mill sites which closed in June of this year. A copy of the Deed from the Oberbillig estate to Midas Gold is enclosed.

The title company which handled the closing issued a title commitment on the real property disclosing the possible interests of Stibnite Mine including some of those who had previously held the

Idaho Department of Water Resources
August 12, 2009
Page 2

permits. In order to remove those exceptions from the title, the Oberbillig estate quieted title to the patented mill site claims. On April 20, 2009, the court entered a quiet title Judgment and Decree. A copy of that Decree is also enclosed. By that Decree, the court has determined that Stibnite Mine has no right, title, estate or claim in and to the whole or any portion of that real property.

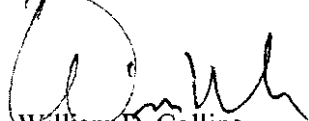
The water rights were appurtenant to that real property and thus whatever interest Stibnite Mine may have had has been determined to be owned by the Oberbillig estate. The Oberbillig estate by its deed to Midas Gold, Inc., has transferred that interest in the water rights to it.

By way of background I want to add some additional information so that you can track what actually occurred. Canadian Superior Mining (U.S.) Ltd., was a subsidiary of The Superior Oil Company, a Nevada corporation. Superior Oil in the early 1980s constructed the plant for the processing of an oxide gold ore deposit at Stibnite, Idaho. The gold ore was crushed and placed on five leach pads with the gold being extracted by a cyanide solution. Several ponds were constructed as part of the recovery process. The pregnant solution was then run through a recovery plant and the gold separated from the solution. As part of the facilities, a camp or living area was created for workmen. Water for processing was diverted from the East Fork of the South Fork of the Salmon (77-07122) and water for the domestic use of the camp was from a well (77-07141). The place of use in both cases was on the land ultimately patented to the Oberbillig estate since it was the owner of the mill site claims. Production occurred over a span of approximately ten years with royalties being paid to the Oberbillig estate. In order to obtain patent to the mill site claims, the estate was required to show that they were actually used and necessary in the recovery of the gold. In observing your file on your website I did not see any specific identification of the several mill site claims. However, I am enclosing with this letter a map prepared by Stibnite Mine showing the leach pads, plant and office along with the equipment staging area and the area of the camp. When you compare that map with the sketches in your file you will observe that the two areas are one and the same.

After you have had a chance to review this letter, the enclosures and the information in your files, if there are any questions which remain, please contact me and I will try to provide you the answers and the information to support those answers.

Very truly yours,

WESTBERG, McCABE & COLLINS, CTD.



William D. Collins

WDC:mrs
enclosures
cc: Midas Gold, Inc. w/encs.