# ANNUAL INFORMATION FORM




## MIDAS GOLD CORP.

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For the year ended December 31, 2015

Dated February 26, 2016

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**PRELIMINARY NOTES**

In this Annual Information Form ("**AIF**"), Midas Gold Corp. and its 100% owned subsidiaries are collectively referred to as the "**Corporation**" or "**Midas Gold**" unless specifically identified otherwise. All information contained herein is as at and for the year ended December 31, 2015, unless otherwise specified.

All dollar amounts in this AIF are expressed in United States dollars unless otherwise indicated.

**Cautionary Statement Regarding Forward-Looking Statements**

This AIF contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking information”).

In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects", “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “determine” or “believes”, or variations or the negative of such words and phrases, or statements that certain actions, events or results “may”, “could”, “whether to”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Forward-looking information includes, but is not limited to, statements regarding:

- analyses and other information based on expectations of future performance and planned work programs;
- possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action;
- timing, costs and potential success of future activities on the Corporation's properties, including but not limited to development and operating costs in the event that a production decision is made;
- potential success of exploration, development and environmental protection and remediation activities;
- future outlook and goals;
- permitting time lines and requirements, requirements for additional capital, requirements for additional water rights and the potential effect of proposed notices of environmental conditions relating to mineral claims;
- planned exploration and development of properties and the results thereof;
- planned expenditures and budgets and the execution thereof;
- evaluation of the potential impact of future accounting changes; and
- estimates concerning recovery of accounts receivable, share-based compensation and carrying value of properties.

Statements concerning mineral resource and mineral reserve estimates may also be deemed to constitute forward-looking information to the extent that such statements involve estimates of the mineralization that may be encountered if a property is developed. Any forward-looking information contained herein is stated as of the date of this document and Midas Gold does not intend, and does not assume any obligation, to update such forward-looking information to reflect events or

circumstances after the date hereof or to reflect the occurrence of unanticipated events unless required to do so by law or regulation.

With respect to forward-looking information contained herein, the Corporation has applied several material factors or assumptions including, but not limited to, certain assumptions as to production rates, operating cost, recovery and metal costs; that any additional financing needed will be available on reasonable terms; the exchange rates for the U.S. and Canadian currencies will be consistent with the Corporation's expectations; that the current exploration, development, environmental other objectives concerning the Project can be achieved and that the Corporation's other corporate activities will proceed as expected; that the current price and demand for gold and other metals will be sustained or will improve; that general business and economic conditions will not change in a materially adverse manner and that all necessary governmental approvals for the planned exploration, development and environmental protection activities on the Project will be obtained in a timely manner and on acceptable terms; and the continuity of economic and political conditions and operations of the Corporation.

The forward-looking information contained herein is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by such forward-looking information. In addition to those discussed in the Corporation's public disclosure record, such risks and other factors include, among others, those related to:

- the industry-wide risks and project-specific risks identified in the PFS and summarized in the Corporation's news release dated December 15, 2014;
- fluctuations in capital markets and share prices;
- the Corporation’s ability to obtain financing to advance its mineral properties and the expected use of proceeds;
- the Corporation's dependence on one mineral project;
- the Corporation's dependence on key personnel;
- the Corporation's operations and contractual obligations;
- changes in exploration programs based upon results of exploration;
- changes in estimated mineral reserves or mineral resources;
- future prices of metals;
- availability of third party contractors or equipment;
- failure of equipment to operate as anticipated;
- accidents, effects of weather and other natural phenomena and other risks associated with the mining industry;
- the Corporation’s principal property being located in the U.S., including political, economic and regulatory uncertainty;
- environmental risks, including environmental matters under U.S. federal and Idaho rules and regulations;
- changes in environmental laws and regulations and changes in the application of standards pursuant to existing laws and regulations which may increase costs of doing business and restrict the Corporation's activities and operations;
- impact of environmental remediation requirements and the terms of existing and potential consent decrees on the Corporation's planned exploration and development activities on the Project;
- the Corporation’s mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- community relations;

- delays in obtaining governmental approvals or financing;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Corporation's lack of operating revenues;
- governmental regulations and the ability to obtain necessary licenses and permits;
- currency fluctuations (particularly the Canadian dollar and United States dollar)
- estimates used in the Corporation's consolidated financial statements proving to be incorrect; and
- A cyber security incident that could adversely affect Midas Gold's ability to operate its business.

This is not an exhaustive list of the factors that may affect the Corporation's forward-looking information. Although the Corporation has attempted to identify important factors that could affect the Corporation and may cause actual actions, events or results to differ materially from those described in the forward-looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on such forward- looking information.

**Compliance with NI 43-101**

The technical information in this AIF has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and reviewed and approved by Stephen P. Quin, P. Geo., President and CEO of the Corporation and a Qualified Person (as hereinafter defined).

The Prefeasibility Study ("**PFS**")Technical Report dated December 15, 2014 referred to herein was compiled by M3 Engineering & Technology Corp. ("**M3**") for Midas Gold. The following individuals are the qualified persons, as defined in NI 43-101, responsible for writing the report:

- Conrad E. Huss, P.E.
- Garth D. Kirkham, P.Geo.
- Christopher J. Martin, C.Eng.
- John M. Marek, P.E.
- Allen R. Anderson, P.E.
- Richard C. Kinder, P.E.
- Peter E. Kowalewski, P.E.

Midas Gold commissioned this study to provide a PFS-level assessment of the Project. The following companies also contributed to the PFS Technical Report (as defined herein), excerpts of which are included herein:

- Kirkham Geosystems Ltd. (geology, drilling, data verification and mineral resource estimates);
- Blue Coast Metallurgy Ltd. (mineral processing and metallurgical testing);
- Independent Mining Consultants Inc. (mineral reserves, mine planning and related capital and operating costs);
- Allen R. Anderson Metallurgical Engineer Inc. (recovery methods);

- HDR Engineering Inc. (access road); and
- Tierra Group International Ltd. (climatology, hydrology, tailings and water management infrastructure, closure and related matters).

**Mineral Resources (as defined herein) that are not Mineral Reserves (as defined herein) do not have demonstrated economic viability. Mineral Resource estimates do not account for mineability, selectivity, mining loss and dilution. These Mineral Resource estimates include Inferred Mineral Resources (as defined herein) that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that these Inferred Mineral Resources will be converted to the Measured Resource (as defined herein) and Indicated Resource (as defined herein) categories through further drilling, or into Mineral Reserves, once economic considerations are applied.**

The Mineral Reserves and Resources at Stibnite are contained within areas that have seen historic disturbance resulting from prior mining activities and which have been subject to a number of regulatory actions and consent decrees in respect of these past activities. In order for the Corporation to advance its interests at Stibnite, the project will be subject to a number of Federal, State and local laws and regulations and will require permits to conduct its activities. See "Description of the Business - Environmental and Other Matters Pertaining to the Mineral Properties".

For readers to fully understand the technical information in this AIF they should read the Technical Report (available on SEDAR at www.sedar.com under the Corporation's profile) in its entirety, including all qualifications, assumptions and exclusions that relate to the technical information set out in this AIF. The Technical Report is intended to be read as a whole, and sections should not be read or relied upon out of context. The technical information in the Technical Report is subject to the assumptions and qualifications contained in the Technical Report.

**Notice to U.S. Investors on Canadian Disclosure Standard**

This AIF, including any documents incorporated by reference herein, has been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws. In Canada, an issuer is required to provide technical information with respect to mineralization, including Mineral Reserves and Mineral Resources, if any, on its mineral exploration properties in accordance with Canadian requirements, which differ significantly from the requirements of the U.S. Securities and Exchange Commission ("**SEC**") applicable to registration statements and reports filed by United States companies pursuant to the U.S. *Securities Act of 1933* or the United States *Securities Exchange Act of 1934*, as amended (the "**U.S. Exchange Act**"). As such, information contained in this AIF and the documents incorporated by reference herein concerning descriptions of mineralization under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of theSEC.

As noted above, this AIF and the documents incorporated by reference herein include Mineral Resource Mineral Reserve estimates that are reported in accordance with NI 43-101, as required by Canadian securities regulatory authorities and which differ from the requirements under U.S. securities laws. In particular, this AIF (and the documents incorporated by reference herein) use the terms "Indicated Mineral Resource", "Inferred Mineral Resource", and "Probable Mineral Reserve". While these terms are recognized and required by Canadian regulations (under NI 43-101), these standards differ significantly from the requirements under the SEC Industry Guide 7. In addition, the documents

incorporated by reference in the AIF include disclosure of contained metalwithin the reported Mineral Resources and Mineral Reserves. Although such disclosure is permitted under Canadian regulations, the SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant “reserves” as in-place tonnage and grade, without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves in accordance with SEC guidelines. Midas Gold is not a SEC registered Corporation nor is any of its subsidiaries.

The definitions of Probable Mineral Reserves (as defined herein) used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7 (under the U.S. Exchange Act), as interpreted by the staff of the SEC, mineralization may not be classified as a "reserve" for United States reporting purposes unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards.

United States investors are cautioned not to assume that the portions of the mineral deposits identified as an "Indicated Mineral Resource" or "Inferred Mineral Resource" that are not currently defined as Mineral Reserves under NI 43-101 or that any part or all of the mineral deposits identified as as an "Indicated Mineral Resource" or "Inferred Mineral Resource" or “Probable Mineral Reserve” will ever be converted to MineralReserves as defined under SEC Industry Guide 7. Further, "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian securities legislation, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies, except in certain specific cases. U.S. investors are cautioned not to assume that part or all of an Inferred Mineral Resource exists, or is economically or legally mineable.

**GLOSSARY OF TECHNICAL TERMS**

Conversion Factors

| To Convert From | To | Multiply By |
|---|---|---|
| Feet | Metres ("**m**") | 0.305 |
| Metres | Feet ("**ft**") | 3.281 |
| Miles | Kilometres ("**km**") | 1.609 |
| Kilometres | Miles | 0.6214 |
| Acres | Hectares ("**ha**") | 0.405 |
| Hectares | Acres ("**ac**") | 2.471 |
| Grams | Ounces (Troy) ("**oz**") | 0.03215 |
| Grams/Tonnes | Ounces (Troy)/Short Ton ("**oz/ton**") | 0.02917 |
| Tonnes (metric) | Pounds | 2,205 |
| Tonnes (metric) | Short Tons | 1.1023 |

The following is a glossary of certain technical terms used in this AIF:

"**Acre**" or "**ac**" means an area of 4,840 square yards or 43,560 square feet or 0.4047 hectares.

"**Alteration**" means any change in the mineralogical composition of a rock that is brought about by physical or chemical means.

"**Assay**" means, in economic geology, to analyze the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

"**Au**" means gold.

"**bedrock**" means solid rock underlying surficial deposits.

"**CIM**" means the Canadian Institute of Mining, Metallurgy and Petroleum.

"**Deposit**" means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved.

"**Dip**" means the angle at which a stratum is inclined from the horizontal.

"**EM**" means electromagnetics, a geophysical technique for detecting mineralization.

"**Fault**" means a fracture in a rock along which there has been relative movement between the two sides either vertically or horizontally.

"**feasibility study**" means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a pre-feasibility study.

"**Fracture**" means a break in a rock due to intensive folding or faulting.

"**g/t Au**" means grams of gold per tonne of material.

"**Geophysical survey**" means the exploration of an area by exploiting differences in physical properties of different rock types. Geophysical methods include seismic, magnetic, gravity, induced polarization and other techniques, and geophysical surveys can be undertaken from the ground or from the air.

"**Grade**" means the amount of valuable metal in each tonne of ore, expressed as grams per tonne (g/t) for precious metals, as percent (%) for antimony, copper, lead, zinc and nickel.

"**Hectare**" means an area equal to 100 metres by 100 metres.

"**Host**" means a rock or mineral that has been intruded by younger rocks or minerals.

"**Indicated Resource**" or "**Indicated Mineral Resource**" as defined in NI 43-101 refers to that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

"**Inferred Resource**" or "**Inferred Mineral Resource**" as defined in NI 43-101 refers to that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

"**ha**" means hectare(s).

"**Intrusion**" means the process of emplacement of magma in a pre-existing rock, and also the igneous rock mass so formed.

"**km**" means kilometre(s).

"**m**" means metre(s) (3.281 feet).

"**M**" means million.

"**Measured Resource**" or "**Measured Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

"**Mineralization**" means the concentration of metals and their chemical compounds within a body of rock.

"**Mineral Reserve**" or "**mineral reserve**" means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic viability and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

"**Mineral Resource**" or "**mineral resource**" means a concentration or occurrence of material or intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

**"NI 43-101"** means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

"**Ore**" means a metal or mineral or a combination of these of sufficient value as to quality and quantity to enable it to be mined at a profit.

"**Ounce**" or "**oz**" means a troy ounce or twenty penny weights or 480 grains or 31.103 grams.

"**Outcrop**" means an exposure of bedrock at the surface.

"**plan of operations**" or "**Plan of Operations**" for a mining project on National Forest Lands is a summary of activities intended proposed to occur on Federal Lands. The plan provides the Forest Service with a list of the proponents contact and legal information, name of mining district or mineralized area, surface disturbance map, description of the type and magnitude of proposed operations, estimated timing of activities, and plans for reclamation of disturbed areas during and following mining related activities.

"**POx**" means pressure oxidation.

"**preliminary economic assessment**" or "**PEA**" means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources.

"**pre-feasibility study"** or "**preliminary feasibility study**" or "**PFS**" means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve

"**Probable Reserves**" or "**Probable Mineral Reserves**" means the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

"**Proven Reserves**" or "**Proven Mineral Reserves**" means the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

"**Pyrite**" means a mineral composed of iron and sulphur ($FeS_2$).

"**Qualified Person**" conforms to that definition under NI 43-101 and means an individual who (a) is an engineer or geoscientist with at least five years' experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) has experience relevant to the subject matter of the mineral project and the technical report; and (c) is in good standing with a designated professional association.

"**Quartz**" means a mineral composed of silicon and oxygen ($SiO_2$).

"**RC**" means reverse circulation.

"**Sampling**" means a technique for collecting representative sub-volumes from a larger volume of geological material. The particular sampling method employed depends on the nature of the material being sampled and the kind of information required.

"**Sediment**" means a solid material that has settled down from a state of suspension in a liquid. More generally, solid fragmental material transported and deposited by wind, water or ice, chemically precipitated from solution, or secreted by organisms, and that forms in layers in loose unconsolidated form.

"**Strike**" means direction or trend of a geologic structure.

"**Sulphide**" means a group of minerals in which one or more metals are found in combination with sulphur.

"**Tonne**" means a metric unit of mass equivalent to volume multiplied by specific gravity; equivalent to 1.102 tons or 1,000 kilograms (2,204.6 pounds).

"**Vein**" means a sheet-like intrusion into a fissure or crack, commonly bearing quartz.

## CORPORATE STRUCTURE

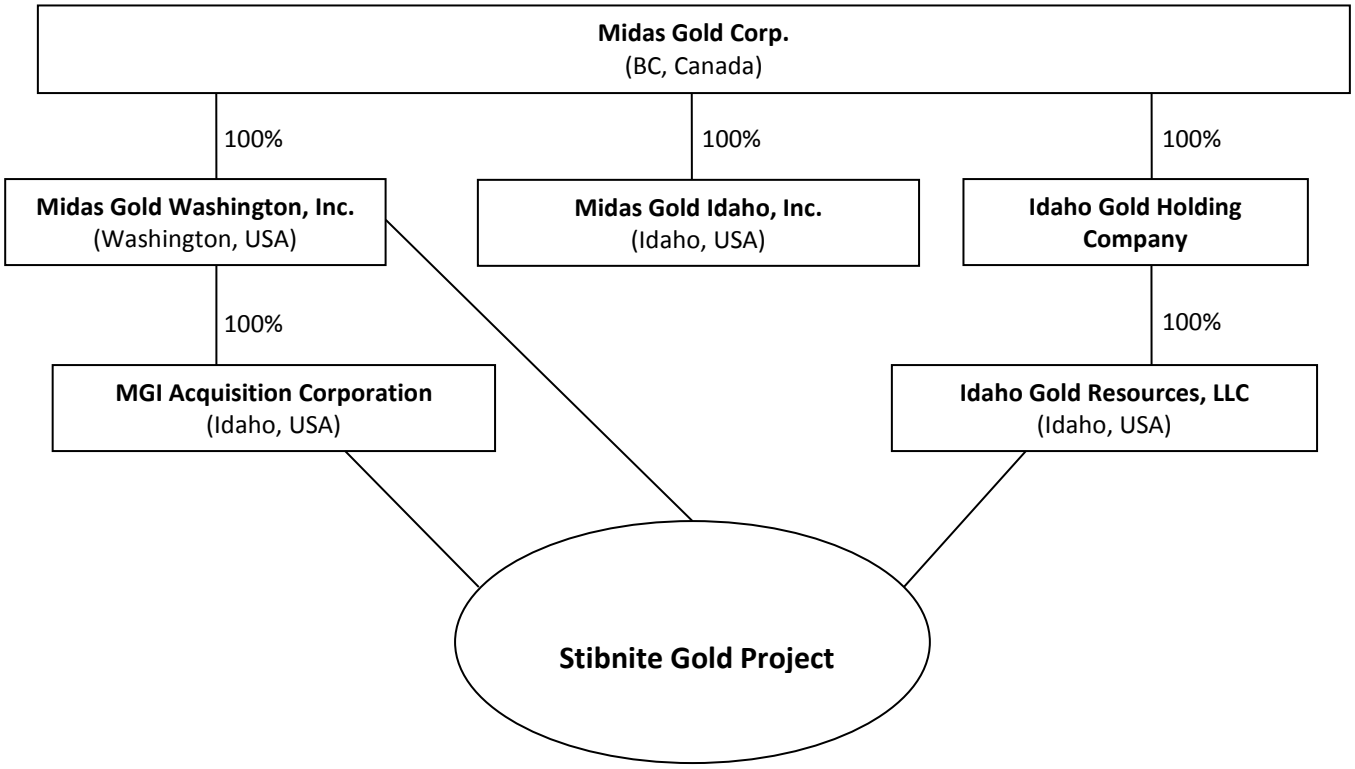
### Corporate Structure

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on February 22, 2011 under the name "Midas Gold Corp.".

The Corporation's head office and its registered and records office is located at Suite 1250, 999 West Hastings Street, Vancouver, British Columbia V6C 2W2.

### Organization Chart

The following chart shows the intra-corporate relationships between the Corporation and its subsidiaries:




Unless the context otherwise indicates, reference to the term the "Corporation" or "Midas Gold" in this AIF includes Midas Gold Corp. and its subsidiaries.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History and Significant Acquisitions of the Corporation and its Subsidiaries

The following provides disclosure of the history of the Corporation from its inception, and Midas Gold Washington, Inc. (**MGWI** and formerly Midas Gold, Inc. or **MGI**), Midas Gold Idaho, Inc. (**MGII**) and Idaho Gold Resources, LLC (**Idaho Gold**) for the last three years:

***The Corporation***

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on February 22, 2011 under the name "Midas Gold Corp." for the purpose of completing a corporate reorganization (the **Reorganization**) pursuant to a combination agreement dated February 22, 2011 (the **Combination Agreement**) among the Corporation, MGI, Vista Gold US, Inc. (**Vista US**) and Idaho Gold. A copy of the Combination Agreement is available on SEDAR at www.sedar.com under the Corporation's profile. MGII was incorporated on August 28, 2014 as an Idaho company to centralize the operational activities in Idaho, but does not hold any interest in the mineral properties.

The Corporation is an exploration-stage company engaged in exploring and acquiring mining properties with the intention of placing them into production. Its principal business is the exploration and, if warranted, development of the Stibnite Gold Project (the **Project**) (formerly known as the Golden Meadows Project) in Idaho, USA. The Corporation released its initial NI 43-101 Mineral Resource estimate on the Hangar Flats, Yellow Pine and West End Deposits, which comprise the Project, in the first half of 2011.

The Corporation acquired title to the Project through the Reorganization and several transactions to which its wholly-owned subsidiaries, MGI and Idaho Gold were parties. All title is held at 100% through patented and unpatented mineral claims. However, the Cinnabar claims are not owned by the Corporation but are subject to an option agreement whereby the Corporation may purchase a 100% interest. During 2012, the Corporation completed the acquisition of the patented Yellow Pine claims through the payment of its final option payment of $100,000 in accordance with the option to purchase agreement between Bradley Mining Company and Idaho Gold dated November 7, 2003. In total, the Corporation paid $1,000,000 under this agreement. The Cinnabar claims are part of the Stibnite Gold Project and are subject to an option agreement between MGI Acquisition Corporation and JJO, LLC dated May 3, 2011, whereby on payment of $150,000 on signing and $100,000 per year for six years paid on the anniversary of signing, the Corporation has the option to purchase 100% of the Cinnabar claim group. As at December 31, 2015, two payments of $100,000 remain outstanding and $550,000 has been paid to date. At completion of the option agreement in relation to the Cinnabar claims the Corporation would have paid $750,000.

Pursuant to an underwriting agreement dated as of February 14, 2012 (the **Underwriting Agreement**) among the Corporation and Haywood Securities Inc., Macquarie Capital Markets Canada Ltd., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc. and Desjardins Securities Inc. (collectively, the **underwriters**), the Corporation closed a $40.4 million private placement financing by issuing a total of 9,085,000 special warrants (the **Special Warrants**) of the Corporation at a price of $4.45. The offering included 7,900,000 Special Warrants and the exercised over-allotment option for an additional 1,185,000 Special Warrants of the Corporation. The 9,085,000 common shares underlying the Special Warrants were issued without additional payment upon the deemed exercise of the 9,085,000 Special Warrants on March 14, 2012, such date being the third business day following issuance of the receipt in respect of the final short-form prospectus qualifying the distribution of such common shares issued by the securities commissions in each of the offering jurisdictions (British Columbia, Alberta, Ontario and New Brunswick).

On September 4, 2012, Midas Gold announced that it had completed a PEA for the Project and the Corporation subsequently filed a technical report September 21, 2012, titled "Preliminary Economic

Assessment Technical Report for the Golden Meadows Project, Idaho" (the **PEA Technical Report**) prepared by SRK for MGI. The reported purpose of the study was to (a) provide a preliminary concept for the scale and type of mining project that the Project could support, (b) identify options and alternatives for consideration by Midas Gold in consultation with regulators, governments, communities and other interested parties, (c) identify areas where additional work is required before a pre-feasibility study can be completed, and (d) demonstrate potential for positive economic returns that would support continued investment in the Stibnite Gold Project. For details of the Mineral Resource estimate, please see "Description of the Business", below.

During the year ended December 31, 2013, the Corporation continued its exploration and evaluation program at the Project and results of the programs reported to date are available on the Corporation's website or under the Corporation's profile on SEDAR. In an effort to advance the exploration and evaluation of the Project, the Corporation conducted two drill programs in 2013. All results, along with results of extensive environmental baseline data collection, metallurgical testing and engineering studies, were incorporated into an independent pre-feasibility study that was completed and announced on December 15, 2014 (see below).

On May 9, 2013, Midas Gold and its subsidiaries completed a $15.0 million transaction with Franco-Nevada Corporation (**Franco-Nevada**) and one of its subsidiaries whereby Midas Gold agreed to sell certain rights to a royalty on future gold production from the Stibnite Gold Project for a cash payment of $14.65 million, and included a subscription agreement for two million warrants exercisable for shares of Midas Gold for proceeds of $0.35 million. Midas Gold may repurchase one third of the royalty for $9.0 million within three years of the transaction closing.

On July 4, 2013, the Corporation closed a non-brokered private placement with Teck Resources Limited (**Teck**) for 12,740,000 common shares at a price of $0.77 per share, for gross proceeds of $9,809,800. As a result of the placement, Teck owned approximately 9.9% of the issued and outstanding shares in Midas Gold on closing.

In October 2013, the Corporation achieved a quotation on the OTCQX International segment of OTCQX Marketplace in the USA, which should provide for greater access to US capital markets and an additional trading platform for shareholders.

On February 14, 2014, Vista reported that it had sold 16 million shares of its holdings in the Corporation, reducing its holdings from its previously held 24.9%. As a result of this sale, on closing of the sale, Vista held, directly and indirectly through Vista US, an aggregate of 15,802,615 common shares of the Corporation, representing approximately 12.4% of the outstanding common shares of the Corporation. Vista agreed not to sell any of these shares of the Corporation for a period of 12 months from the date of the above mentioned sale.

On February 25, 2014, the Corporation announced its intent to enter into a $10.0 million private placement with a limited number of subscribers, which placement was further upsized and completed in two tranches on March 4 and March 7, 2014 for aggregate proceeds of $12.8 million and issuing an aggregate of 14,167,621 Units. Each Unit comprised of one common share in the capital of the Company (a "Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant") of the Company. Each Warrant entitles the holder to acquire one additional common share of Midas Gold (a "Warrant Share") at a price per Warrant Share of C$1.20 until March 4, 2016. Teck exercised its right to participate in the placement and acquired 1,277,621 Units under the placement. As a result, on the closing date of the placement, Teck held an aggregate of

14,017,621 common shares and 638,810 Warrants of Midas Gold, and its holdings represented approximately 9.9% of the outstanding Midas Gold common shares on a non-diluted basis and approximately 10.3% on a partially diluted basis (assuming the exercise of all Warrants held by Teck and no other convertible securities of Midas Gold).

In March 2014, the Corporation closed a non-brokered private placement for 14,167,621 units ("Unit") at a price of C$0.90 per unit, for gross proceeds of C$12.8 million ($11.5 million) in two tranches. Each Unit consisted of one common share in the capital of the Corporation and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant**"**). Each Warrant entitles the holder to acquire one additional common share of the Corporation at a price per Warrant Share of C$1.20 for a period of two years.

In November 2014, the Corporation announced the appointment of prominent local community members to the Corporation's board of directors and to Midas Gold Idaho Inc.'s (a wholly owned subsidiary of the Corporation) board of directors, adding a significant level of local representation and accountability at all levels of the organization. These appointments are part of the Corporation's ongoing focus on demonstrating that the Project is an economically feasible, socially and environmentally sound project that could finance the restoration of an existing brownfields site while creating significant fiscal benefits and employment in an economically challenged area of Idaho, and doing this in an open and collaborative manner that engages all groups with interest in the area. As part of its open door policy, Midas Gold arranged 30 site visits for over 200 local community members, regulators, legislators, students, and others in 2014 so that they can see the current impacted nature of the site and discuss Midas Gold's concepts for the restoration of the site through redevelopment.

During the year ended December 31, 2014, the Corporation continued its exploration and evaluation program at the Project. The Corporation completed a full year without a lost time incident or OSHA recordable injury (as defined by US Occupational Safety and Health Administration), the second incident-free year in a row and a reflection of Midas Gold's commitment to the health and safety of its employees and contractors. The Corporation has also completed three years without a reportable spill, reflecting Midas Gold's attention to protecting the local environment from further degradation. These safety and environmental milestones are but a part of the Corporation's focus on delivering safe, environmentally benign operations on site, while it continues to conduct voluntary remediation activities around the site, including planting of over 30,000 Lodgepole pine seedlings to date, reducing sediment impact on local streams and fish habitat, as well as reclaiming historically impacted land. Midas Gold was extensively engaged in the affairs of the local communities in 2014 through its employees that live in Valley County and Idaho, including educational outreach to over 1,000 youth and support for over fifty community organizations with donations, volunteering and other contributions.

On December 15, 2014, the Corporation announced the results of its PFS for the Project. The PFS updated all aspects of the Project since the Preliminary Economic Assessment on the Project that was issued in September 2012. Specifically, the PFS incorporated the results of its extensive independent metallurgical test program and its updated Mineral Resource estimate for the Project. In summary, the redevelopment of the Project has the potential to restore an existing brownfields site, provide local benefits through employment and taxes and create one of the largest gold mines in the United States. The Project could create, directly and indirectly, more than 700 jobs in Idaho during the three year construction period and nearly 1,000 jobs in Idaho during 12 years of operations, while generating significant tax and other benefits to the local, state and federal economies. More information is included in the Mineral Properties section of this MD&A.

During 2015, Midas Gold focused its efforts in respect of the Project on: optimizing and refining aspects of the Project identified in the "Risks and Opportunities" section of the PFS that was published in December 2014; continuing to collect environmental baseline data in support of an eventual EIS process; stakeholder and community consultation and engagement; and other activities to prepare the Project for a possible entry into the regulatory system for mine development. Limited geological and surface exploration programs were also undertaken in a number of areas around the Project in order to better understand: controls and drivers of mineralization, geo-metallurgy, and the potential of several of the exploration prospects identified in the PFS. As part of these efforts, Midas Gold is working in close collaboration with the Idaho Geological Survey and the US Geological Survey on multi-year, multidisciplinary technical programs focused on the Project.

In May 2015, the Corporation closed a non-brokered private placement and a brokered private placement for an aggregate of 19,124,190 Units at a price of C$0.42 per Unit, for gross proceeds of C$8.0 million ($6.6 million). Each Unit consists of a share in the capital of the Corporation and one-half of one common share purchase Warrant. Each Warrant entitles the holder to acquire one additional common share of the Corporation at a price per Warrant Share of C$0.60 for a period of two years.

Also in May 2015, the Corporation issued its Sustainability Report for 2014 which summarized its efforts in respect of conservation; energy and waste reduction; health and safety; community involvement and engagement; and economic benefits. Reporting includes an assessment of Midas Gold's performance using the internationally recognized "Towards Sustainable Mining" initiative as issued by the Mining Association of Canada. Highlights from the report include exceeding more than 30,000 trees planted; 100% reclamation of Midas Gold drill sites and an additional 8 acres of historically disturbed lands; exceeding 24 consecutive months with zero lost time or reportable safety incidents; and exceeding 36 months without a reportable spill. Later in 2015, Midas Gold had its first lost time incident (sprained muscles) ending a 34 month stretch without incident, but still an excellent record; the record on reportable spills remains unbroken and has since exceeded 46 months.

Midas Gold continued its focus on sustainability and environmental improvement in 2015. Including the 2015 season, we have now planted 37,575 trees at Stibnite. Of these, 1,950 trees were planted by 32 Cascade High School students – and Midas Gold contributed $1 per tree to the school for environmental science and shop programs.

As part of its contributions towards sustainability, in 2015 Midas Gold produced 7,200 kWh with the solar power system on site, which has saved 26,000 gallons of diesel fuel. Midas Gold has recycled more than 3,200 pounds of materials related to its own activities and in support of local community events – building on more the than 1,000 pounds of materials recycled in 2014 as well as the removal/recycling in 2014 of 30 tons of scrap metal left by prior operators.

During 2015, Midas Gold was actively engaged with the local communities on a number of fronts, reaching more than 7,000 people through 169 community events and 38 tours of the Stibnite site. As a result, local residents have become better informed as to the challenges and opportunities presented by the site. Midas Gold's local volunteer community advisory committee established in 2014 continues to provide a more defined structure for community input. This is in addition to the majority of local directors to the board of the project operating entity, Midas Gold Idaho, Inc., being Valley County residents. As it has committed to, Midas Gold also continues its focus on hiring locally and supporting local businesses, making a significant positive contribution to the local economy throughout the year.

On June 15, 2015, Midas Gold was presented with the *2015 Environmental Excellence Award* by the

Idaho Association of Commerce and Industry. The Corporation was recognized for investing time, resources and expertise into restoring areas of pre-existing environmental disturbance, improving local water quality, and enhancing fish habitat in the Stibnite-Yellow Pine area of central Idaho, while moving forward with mineral exploration through sustainability initiatives that minimize environmental impact. Later in the year, Midas Gold was also presented with the *Environmental Excellence Award* by the American Exploration & Mining Association for voluntarily reclaiming pre-existing disturbance, improving water quality and restoring fish habitat at its Stibnite Gold Project in Valley County, Idaho.

In December 2015, Midas Gold entered into agreements with the Nez Perce Tribe (**NPT**) and Idaho Conservation League (**ICL**) whereby Midas Gold entered into certain commitments aimed at reducing sediment entering waterways in and around the Project area. As a result of these additional commitments, plus additional measures incorporated by the US Forest Service in the plan of operations for exploration on the Project, NPT and ICL withdrew their objections to the Environmental Assessment, subsequent to which the US Forest Service issued its Decision Notice and Finding of No Significant Impact for the exploration activities covered by the permit application, as amended during the environmental assessment process. As a result of these developments and putting in place the required environmental bond, Midas Gold is now fully permitted to conduct the approved exploration activities for the Project. The entering into of these agreements should not be read as an endorsement of the Project by either NPT or ICL.

Weak equity markets and declining metal prices over the past several years, combined with the transitions related to the advancement of the Project, have necessitated significant reductions in personnel and G&A. Since the peak of activity in 2012, Midas Gold has reduced its workforce by more than 80% and has reduced its G&A costs by more than 40%. To ensure its cash is used as efficiently, effectively and responsibly as possible, Midas Gold continues to focus on measures to reduce ongoing expenditures and deliver its objectives in a cost-effective manner.

Subsequent to the end of the year, the Corporation announced that it has entered into a letter of intent with Paulson & Co. Inc., on behalf of the several investment funds and accounts managed by it ("Paulson"), pursuant to which Midas Gold will conduct an offering of Canadian dollar denominated 0.05% senior unsecured convertible notes (the "Notes") to be issued by a wholly owned subsidiary to Paulson on a private placement basis (the "Note Offering"). Concurrently, Midas Gold will complete an offering of Notes to certain of the Company's existing shareholders (the "Existing Shareholder Offering") for total gross proceeds of C$55.2 million. The Notes will have a term of seven years and may be converted into common shares of Midas Gold at a price of C$0.3541 per share. The maximum gross proceeds of the Existing Shareholder Offering will be C$20.7 million, with the Note Offering to comprise the balance of the C$55.2 million to be raised.

## DESCRIPTION OF THE BUSINESS

The Corporation is exploration development-stage company engaged in acquiring mining properties with the intention of exploring, evaluating and placing them into production, if warranted. Currently, its principal business is the exploration and, if warranted, development of the Stibnite Gold Project in Idaho, USA.

Mineral exploration and development are expected to constitute the principal business of the Corporation for the coming years. In the course of realizing its objectives, it is expected the Corporation may enter into various agreements specific to the mining industry, such as purchase or option agreements to purchase mining claims and joint venture agreements.

The Corporation's principal mineral project is the Stibnite Gold Project, which contains several mineral deposits. The Corporation's current focus is to explore, evaluate and potentially develop three of the deposits known as the Hangar Flats Deposit, West End Deposit and Yellow Pine Deposit, all of which are located within the Stibnite Gold Project as in the location map (Figure 1.1), below, as well as reprocess certain historical tailings located on the Project.

At December 31, 2015, the Corporation had 31 full time employees. A total of 25 employees were employed in mineral exploration and development activities, with the remaining 6 persons employed in respect of executive management and administrative support. The Corporation also contracts out certain activities, such as drilling, to specialized service providers. As a result of the seasonal nature of field activities, the number of people on site and in the Corporation's Donnelly facilities can vary. Typically there could be 50 or more persons engaged in field activities on site when actively drilling with multiple rigs, and an additional 10 or more people providing support activities in Donnelly. These numbers are significantly lower when there is no drilling underway. Significant aspects of the exploration and development business require specialized skills and knowledge in areas that include geology, mining, metallurgy, engineering, environmental contamination treatment, permitting and regulatory compliance, as well as environmental and social policy issues. While recent activity within the industry in general has made it more challenging to recruit and retain qualified employees, Midas Gold has been successful to date in recruiting and retaining key personnel necessary to its operating needs.

**Summary of the Stibnite Gold Project**

The following description of the Stibnite Gold Project in Idaho is derived from the summary contained in the PFS Technical Report. The entire PFS Technical Report is incorporated by reference into this AIF except to the extent that its contents are modified, updated or superseded by a statement contained in this AIF (which does not need to state that such statement has modified, updated or superseded such contents). For readers to fully understand the information in this AIF, they should read the PFS Technical Report (available for review under the Corporation's profile on SEDAR at www.sedar.com) in its entirety, including all qualifications, assumptions and exclusions that relate to the information set out in this document which qualifies the technical information set out in the PFS Technical Report. The PFS Technical Report is intended to be read as a whole, and summaries or sections should not be read or relied upon out of context. The technical information in the PFS Technical Report is subject to the assumptions and qualifications contained therein

***Property Description and Location***

The Stibnite Gold Project is located in central Idaho, USA. The Project lies approximately 100 miles (**mi**) northeast of Boise, Idaho, 38 mi east of McCall, Idaho, and approximately 10 mi east of Yellow Pine, Idaho. **Figure 1.1** illustrates the location of the Project.

The Hangar Flats, West End, and Yellow Pine deposits, along with the Historic Tailings, lie within mineral concessions controlled by Midas Gold, as are other exploration prospects and targets identified in this Report. Mineral rights controlled by Midas Gold include patented lode claims, patented mill site claims, unpatented federal lode claims, and unpatented federal mill site claims and encompass approximately 29,223 acres or 45.6 square miles. The claims are 100% owned, except for 27 patented lode claims that are held under an option to purchase. The Project is subject to a 1.7% NSR Royalty on gold only. There is no royalty on silver or antimony.

***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The Stibnite Gold Project is located approximately 152 road-miles northeast of Boise, Idaho in an area of deeply incised drainage related to the East Fork of the South Fork of the Salmon River (**EFSFSR**) at an elevation of ~ 6,500 feet (**ft**) with nearby mountains rising to an elevation of approximately 7,800 to 8,900 ft.

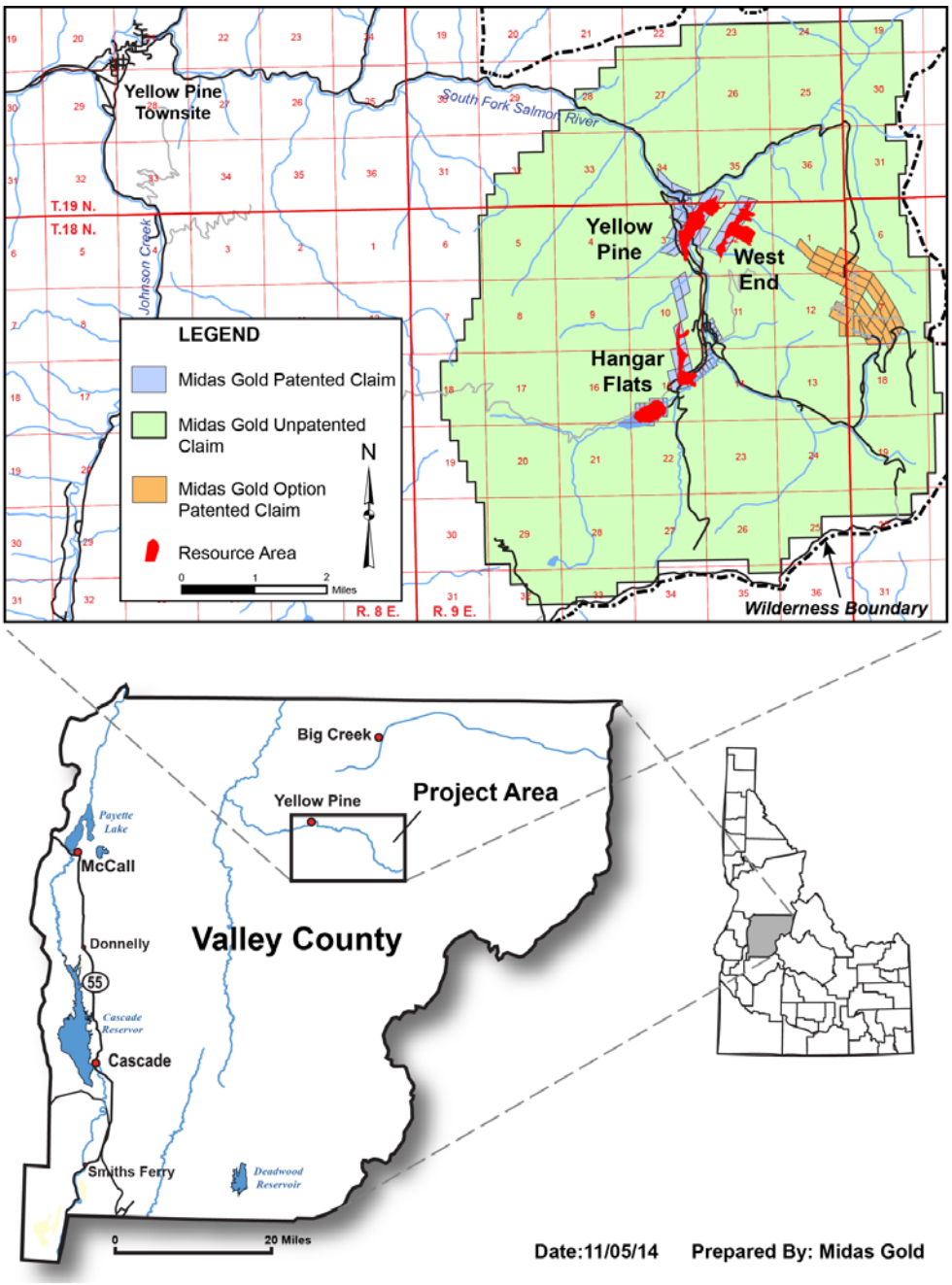
The climate is characterized by moderately cold winters and mild summers. Most precipitation occurs as snowfall in the winter and rain during the spring. The local climate allows for year round operations, as evidenced by historical production over extended periods, and climate information.

Ground access to the Property is currently available by road from the nearby towns of Cascade, Idaho, an 84 mi drive and, during the snow free months, from McCall, Idaho, which is a 63-mi drive. The closest rail is in Cascade, while the closest access for sea transportation is on the west coast of the US and Canada, or via the inland port of Lewiston, ID.

Power-lines would need to be installed/upgraded from the main regional Idaho Power Corporation (**IPCo**) substation at Lake Fork to the Project site, a distance of 42 mi, along an existing and previously used right-of-way.

Midas Gold has four permanent and three temporary water rights in the District.

**Figure 1.1: Location Map of the Stibnite Gold Project**




***History***

The Project is located in a past-producing area near the historical town of Stibnite. Since the late 1920s, gold, silver, antimony, tungsten, and mercury mineralized materials have been mined in the area by both underground and, later, open pit methods, creating numerous open pits, underground workings, large-scale waste rock dumps, heap leach pads, spent heap leach ore piles, tailings depositories, a mill site, three town sites, an airstrip, and other disturbances, some of which still exist today. Antimony-tungsten-gold sulphide milling operations ceased in 1952 as a result of lower metal prices following the end of the Korean War, while mercury operations on the Cinnabar claims continued until 1963. Exploration recommenced in 1974, followed by open pit mining and seasonal on-off heap

leaching from 1982 to 1997. Midas Gold commenced its exploration activities in 2009.

**Table 1.1** summarizes the approximate historical production for the Project by area; additional details are provided in Section 6.

**Table 1.1: Estimated Historical Metal Production**

| Area | Production Years | Tons Mined (st) | Recovered Au (oz) | Recovered Ag (oz) | Recovered Sb (st) | Recovered $WO_3$ (units)[(1)] |
|---|---|---|---|---|---|---|
| Hangar Flats | 1928 - 38 | 303,853 | 51,610 | 181,863 | 3,758 | 67 |
| Yellow Pine | 1938 - 92 | 6,493,838 | 479,517 | 1,756,928 | 40,257 | 856,189 |
| West End | 1978 - 97 | 8,156,942 | 454,475 | 149,760 | - | - |
| | **Totals** | **14,954,633** | **985,602** | **2,088,551** | **44,015** | **856,256** |

*Note:*

*(1) A unit of $WO_3$ (tungsten trioxide) is 1% of a short ton (20 pounds), and $WO_3$ is 79.3% tungsten. A short ton unit of $WO_3$, therefore, equals 20 pounds of $WO_3$ and contains 15.86 pounds of tungsten.*

***Geological Setting and Mineralization***

The Project area is underlain by pre-Cretaceous "basement" sediments, the Cretaceous-age Idaho Batholith (granitic), Tertiary-age intermediate to felsic intrusions and volcanics, younger unconsolidated sediments derived from erosion of the older sequences and glacial materials.

Large, north-south striking, steeply dipping to vertical structures exhibiting pronounced gouge and multiple stages of brecciation occur in the central and eastern portions of the property and are often associated with east-west and northeast-southwest trending splays and dilatant structures.

Intrusive-hosted precious metals mineralization typically occurs in structurally prepared zones in association with very fine-grained disseminated arsenical pyrite ($FeS_2$) and, to a lesser extent, arsenopyrite (FeAsS), with gold almost exclusively in solid solution in these minerals.

Antimony mineralization occurs primarily associated with the mineral stibnite ($Sb_2S_3$). Zones of silver-rich mineralization locally occur with antimony and are related to the presence of pyrargyrite ($Ag_3SbS_3$), hessite ($Ag_2Te$) and acanthite ($Ag_2S$).

Metasediment-hosted mineralization has a similar sulfide suite and similar geochemistry to the intrusive hosted mineralization, but with higher carbonate content in the gangue and a much more diverse suite of late stage minerals.

***Deposit Types***

The origin of the wide variety of mineralization occurrences at the Stibnite Gold Project is attributed to deep-seated intrusives and associated high temperature and high pressure processes to shallow lower temperature, lower pressure hydrothermal processes.

***Exploration***

The District has been the subject of exploration and development activities for nearly 100 years. Numerous prospects have been discovered through the years using a variety of methods. Some of these prospects were developed into mines and others remain undeveloped; further, new ones may be discovered as the Project advances and the nature of mineralization previously exploited is better understood.

Midas Gold's analysis of historical data and its exploration since 2009 has identified a number of key exploration opportunities:

- There is potential at each of the Hangar Flats, West End and Yellow Pine deposits to increase Mineral Resources and Mineral Reserves at grades higher than cut-off, this potential includes conversion of currently Inferred Mineral Resources to higher confidence levels, conversion of currently unclassified material within the economic pits, and expansion potential immediately adjacent to the existing Mineral Resources and Mineral Reserves that could result in increased Mineral Reserves and reduced strip ratios;
- There is good potential to delineate high grade, Au +/- Sb, near surface underground mineral deposits at prospects such as Scout, Garnet and Upper Midnight (based on varying degrees of drilling already completed) that could provide supplemental early mine life, higher margin, mill feed;
- There is potential for the discovery and definition of additional mineral deposits along the main mineralized trends, such as between Hangar Flats and Yellow Pine, based on exploration and drilling completed to date;
- A number of other prospects have been defined to varying degrees, up to and including detailed drilling, that indicate potential for bulk tonnage disseminated Au deposits similar to those containing the current Mineral Resources – these include the Rabbit and Ridgetop-Cinnamid prospects; and
- A number of prospects, such as Mule, have different geologic settings to those discussed above but which could potentially develop into significant mineral deposits.

**Note: There has been insufficient exploration to define Mineral Resources on these prospects and it is uncertain whether further exploration will result in the targets being delineated as either Mineral Resources or Mineral Reserves.**

***Drilling***

The Project area, including the three main deposits, has been drilled by numerous operators, totaling 773,744 ft in 2,606 drill holes, of which Midas Gold drilled 550 holes, totaling over 326,275 ft, since 2009. Pre-Midas Gold drilling was undertaken by a wide variety of methods and operators while Midas Gold employed a variety of drilling methods including core, Reverse Circulation, auger, and sonic throughout the District, but with the primary method being core. All Midas Gold holes were surveyed and recoveries were generally good to excellent. Industry standard QA/QC procedures were used by Midas Gold, including sample security, blanks, standards and duplicates and these procedures were verified by the Independent QP.

***Data Verification***

Extensive data verification programs have been undertaken by numerous independent consultants for

Midas Gold and by Midas Gold personnel, as discussed in previous NI 43-101 technical reports (SRK, 2011; SRK, 2012) and discussed in this Report. These verification programs have been essential in ensuring that the datasets used for the Mineral Resource estimates are validated and verified as adequate for the estimation of Mineral Resources for each of the respective deposits. It is the opinion of the Independent QP responsible for the Mineral Resource estimates that the data used for estimating the Mineral Resources and Mineral Reserves for the Hanger Flats, West End, Yellow Pine and Historic Tailings deposits is adequate for this purpose and may be relied upon to report the Mineral Resources and Mineral Reserves contained in this Report.

***Mineral Processing and Metallurgical Testing***

Subsequent to the test work program undertaken for the 2012 PEA and other historical testing undertaken by prior owners and operators, a total of seven flowsheet development composites and 114 variability composites were prepared for metallurgical testing in support of the PFS from the more than 800 samples collected from the Project. Mineralogical work confirmed that the gold is mostly present in both pyrite and (to a much lesser extent) arsenopyrite, at concentrations that are usually high enough to economically justify flotation concentration followed by POX of the sulfides and cyanidation of the released gold. Oxide zones, mostly in the West End Deposit, contained very fine-grained, discrete gold available to direct cyanidation. Antimony occurs as stibnite, which is typically coarse-grained when occurring in higher-grade samples.

After the PEA related testing, grindability testing was conducted on all deposits, including two JK Drop Weight tests, 22 JK SAG mill characterization (**SMC**) tests, 10 crusher work index and abrasion index tests, 8 rod mill work index, and 24 ball mill work index tests. All composites indicate medium hardness (ball mill work index 13.0 to 14.1 kWh/t) and are amenable to semi-autogenous grinding (**SAG**) milling, though West End is somewhat more resistant to SAG milling, and Yellow Pine appears to be slightly more resistant to ball milling.

Over 300 metallurgical tests were completed on samples from the Yellow Pine, Hangar Flats, West End and Historic Tailings deposits as part of the PFS; in addition, more than 130 tests were completed for the PEA and numerous test programs were completed by prior owners and operators. Despite some mineralogical differences between the deposits, developmental metallurgical testwork has been able to identify a single, modular flowsheet that proved successful when applied to each of the deposits, making it possible to design a single plant that can process all ores from the Project as they are mined. This plant would, when antimony grades are high enough, float off the stibnite to create a saleable antimony concentrate, and then all ores (whether or not antimony is pre-floated) would be subject to bulk flotation of sulfides to produce an auriferous concentrate. Limited testwork on the Historic Tailings showed that they could be successfully co-processed through either flowsheet with the early production Yellow Pine ores.

At most times, the rougher flotation concentrates are expected to meet the POX sulfur content requirements and not require further cleaning, although West End concentrates require additional processing to reject carbonate-bearing (**$CO_3$**) minerals from the gold concentrates to produce a POX friendly concentrate.

Developmental leaching test work was also undertaken on the West End oxide ores, as well as on select flotation tailings produced from partially oxidized mineralization from Hangar Flats and West End. West End oxide leach studies indicate that 96% of the extracted gold leaches in the first six hours, with another 2% leached over the final 18 hours. Leach studies on the flotation tailings from Hangar Flats

and West End indicate that any leachable gold in the flotation tailings is also fast leaching and could contribute significantly to gold recovery. Leach studies on the flotation tailings from Yellow Pine suggest little incremental recovery, but leaching them would provide additional assurance against losses of cyanide-soluble gold.

The projected overall recoveries for each deposit are shown on **Figure 1.2** and **Figure 1.3**.

**Figure 1.2: Gold and Silver Recoveries to Doré**

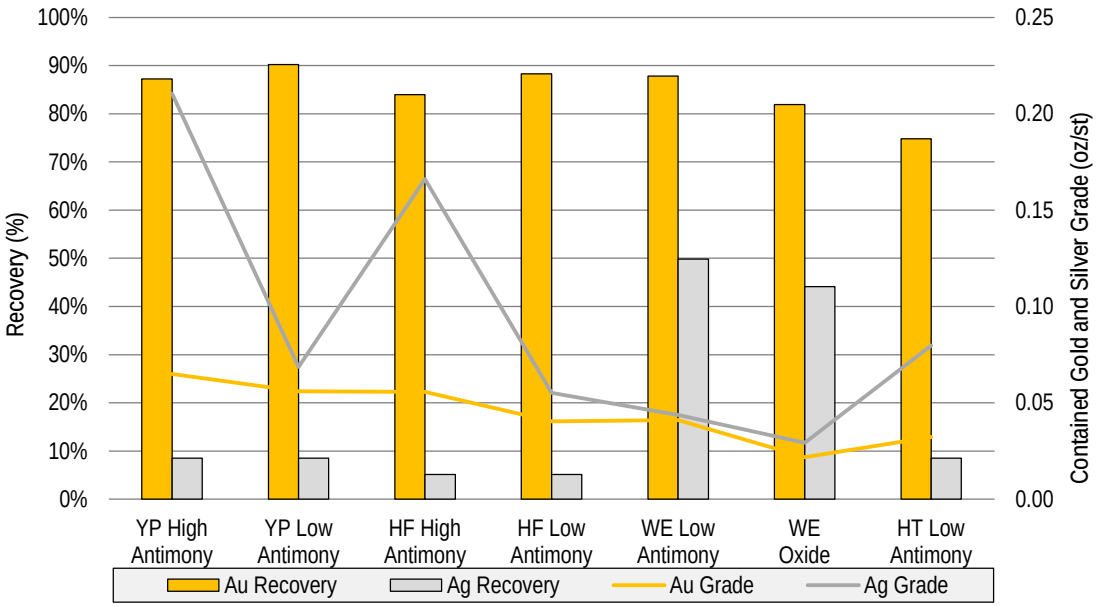
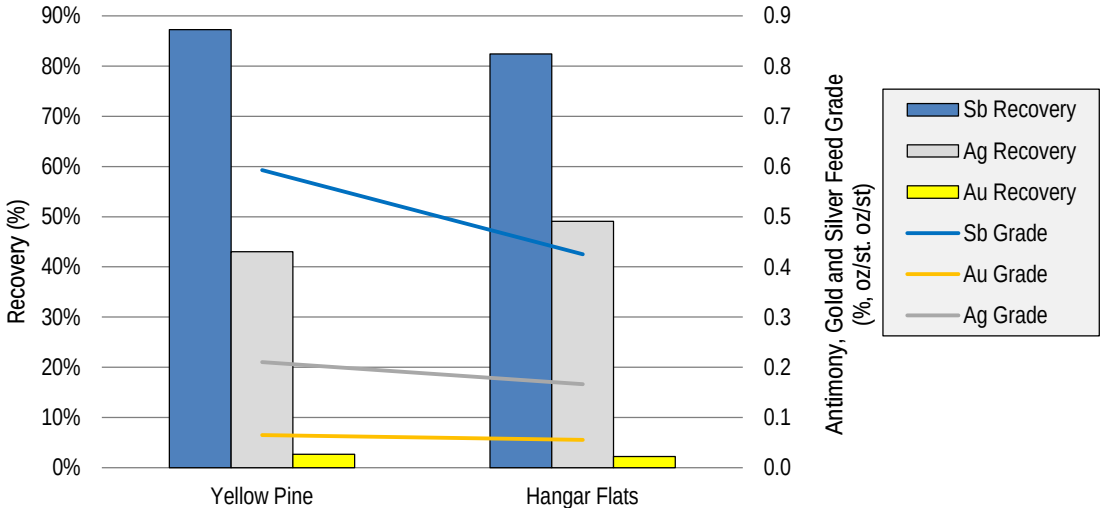



**Figure 1.3: Antimony Concentrate Recoveries**




***Mineral Resource Estimates***

The Mineral Resource estimates for Hangar Flats, West End and Yellow Pine deposits, and the Historic Tailings, were prepared to industry standards and best practices using commercial mine-modeling and geostatistical software by third party consultants and verified by an Independent QP.

The Mineral Resources were initially calculated using a gold price of $1,400/oz and parameters defined in Section 14; based on this, the open pit sulfide cut-off grade was calculated as approximately 0.016 oz/st (0.55 g/t) Au and the open pit oxide cut-off grade calculated as approximately 0.010 oz/st (0.35 g/t) Au. However, Midas Gold elected to report its Mineral Resources at a 0.022 oz/st (0.75 g/t) Au sulfide cut-off grade and 0.013 oz/st (0.45 g/t) Au oxide cut-off grade, which is equivalent to utilizing the cost assumptions stated in Section 14 and a gold selling price of approximately $1,000/oz for sulfides and $1,100/oz for oxides. The consolidated Mineral Resource statement for the Project is shown in **Table 1.2**.

**Table 1.2: Consolidated Mineral Resource Statement for the Stibnite Gold Project**

| Classification | Tonnage (kt) | Gold Grade (g/t) | Contained Gold (koz) | Silver Grade (g/t) | Contained Silver (koz) | Antimony Grade (%) | Contained Antimony (klbs) |
|---|---|---|---|---|---|---|---|
| ***Indicated*** | | | | | | | |
| Hangar Flats | 21,389 | 1.60 | 1,103 | 4.30 | 2,960 | 0.11 | 54,180 |
| West End | 35,974 | 1.30 | 1,501 | 1.35 | 1,567 | 0.008 | 6,563 |
| Yellow Pine | 44,559 | 1.93 | 2,762 | 2.89 | 4,133 | 0.09 | 84,777 |
| Historic Tailings | 2,583 | 1.19 | 99 | 2.95 | 245 | 0.17 | 9,648 |
| ***Total Indicated*** | ***104,506*** | ***1.63*** | ***5,464*** | ***2.65*** | ***8,904*** | ***0.07*** | ***155,169*** |
| ***Inferred*** | | | | | | | |
| Hangar Flats | 7,451 | 1.52 | 363 | 4.61 | 1,105 | 0.11 | 18,727 |
| West End | 8,546 | 1.15 | 317 | 0.68 | 187 | 0.006 | 1,083 |
| Yellow Pine | 9,031 | 1.31 | 380 | 1.50 | 437 | 0.03 | 5,535 |
| Historic Tailings | 140 | 1.23 | 6 | 2.88 | 13 | 0.18 | 563 |
| ***Total Inferred*** | ***25,168*** | ***1.32*** | ***1,066*** | ***2.15*** | ***1,743*** | ***0.05*** | ***25,908*** |

*Notes:*

*(1) All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum ("CIM") definitions, as required under National Instrument 43-101 ("NI43-101").*

*(2) Mineral Resources are reported in relation to a conceptual pit shell in order to demonstrate potential for economic viability, as required under NI43-101; mineralization lying outside of these pit shells is not reported as a Mineral Resource.* ***Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. These Mineral Resource estimates include Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that these inferred Mineral Resources will be converted to the Measured and Indicated categories through further drilling, or into Mineral Reserves, once economic considerations are applied.*** *All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.*

*(3) Open pit sulfide Mineral Resources are reported at a cutoff grade of 0.75 g/t Au and open pit oxide Mineral Resources are reported at a cutoff grade of 0.45 g/t Au.*

The Yellow Pine and Hangar Flats deposits contain zones with substantially elevated antimony-silver mineralization, defined as containing greater than 0.1% antimony, relative to the overall Mineral Resource. The existing Historic Tailings Mineral Resource also contains elevated concentrations of antimony. These higher-grade antimony zones are reported separately in **Table 1.3**. Antimony zones are reported only if they lie within gold Mineral Resource estimates.

**Table 1.3: Antimony Sub-Domains Consolidated Mineral Resource Statement**

| Classification | Tonnage (kt) | Gold Grade (g/t)[3] | Contained Gold (koz) | Silver Grade (g/t)[3] | Contained Silver (koz) | Antimony Grade (%) | Contained Antimony (klbs) |
|---|---|---|---|---|---|---|---|
| Total Indicated | 12,564 | 1.98 | 800 | 6.23 | 2,518 | 0.50 | 138,218 |
| Total Inferred | 1,735 | 1.74 | 97 | 6.88 | 384 | 0.60 | 22,959 |

*Notes:*

*(1) Antimony Mineral Resources are reported as a subset of the total Mineral Resource within the conceptual pit shells used to constrain the total Mineral Resource in order to demonstrate potential for economic viability, as required under NI43-101; mineralization outside of these pit shells is not reported as a Mineral Resource.* ***Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. These Mineral Resource estimates include inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that these inferred Mineral Resources will be converted to the measured and indicated categories through further drilling, or into Mineral Reserves, once economic considerations are applied.*** *All figures are rounded to reflect the relative accuracy of the estimate.*

*(2) Open pit antimony sulfide Mineral Resources are reported at a cutoff grade 0.1% antimony within the overall 0.75 g/t Au cutoff.*

*(3) Includes contributions from Hangar Flats, Yellow Pine and Historic Tailings. See Section 14 for details.*

### *Mineral Reserve Estimates*

The qualified person (**QP**) for the estimation of the Mineral Reserve was John M. Marek, P.E. of Independent Mining Consultants, Inc. The Mineral Reserves were estimated in conformity with generally accepted Canadian Institute of Mining and Metallurgy (CIM) "Estimation of Mineral Resources and Mineral Reserves Best Practices Guidelines" and are reported in accordance with the Canadian Securities Administrators' NI 43-101. Mr. Marek has reviewed the risks, opportunities, conclusions and recommendations summarized in Sections 25 and 26, and he is not aware of any unique conditions that would put the Stibnite Gold Mineral Reserve at a higher level of risk than any other North American developing projects.

The Mineral Reserve was developed by allowing only Indicated Mineral Resource blocks to contribute positive economic value, and is a subset of the Mineral Resource comprised of the Probable Mineral Reserve that is planned for processing over the life-of-mine plan, with assumptions summarized in Sections 15 and 16. No economic credit has been applied to Inferred mineralization in the development of the Mineral Reserve; further blocks needed to be economic based on gold content alone before being categorized as a Mineral Reserve. A series of floating cones were developed by varying the gold price from $200/oz to $1,500/oz and then evaluated at a $1,200/oz price for gold without changing the size of the cone; for Yellow Pine, an $800/oz cone was selected as optimal, while $1,100/oz cones were selected for Hangar Flats and West End.

Based on the longer-term nature of the Project, cutoff grades for Mineral Reserves were developed assuming long term metal prices of $1,350/oz gold, $22.50/oz silver, and $4.50/lb antimony for material lying within the cones selected above. Confidence classification was based on gold estimation.

The cut-off grade is defined by a term called "Net of Process Revenue" (**NPR**) which takes into account final PFS processing recoveries, processing costs, and smelter terms (see Section 15), with any block with a NPR greater than zero meets the requirement for internal cutoff grade. The processing costs for ore range from $9.07/st for oxides to $17.00/st for high antimony sulfides with an additional $3.40/st of ore for G&A. Therefore the NSR equivalent of the cut-off grade range is: $12.47/st – $20.40/st. The Mineral Reserves are summarized in **Table 1.4**.

**Table 1.4: Stibnite Gold Project Probable Mineral Reserve Estimate (Imperial & Metric Units)**

| Deposit | Tonnage | Average Grade | | | Total Contained Metal | | |
|---|---|---|---|---|---|---|---|
| | | Gold | Antimony | Silver | Gold | Antimony | Silver |
| **Imperial Units** | **(kst)** | **(oz/st)** | **(%)** | **(oz/st)** | **(koz)** | **(klbs)** | **(koz)** |
| Yellow Pine | 43,985 | 0.057 | 0.098 | 0.090 | 2,521 | 86,376 | 3,973 |
| Hangar Flats | 15,430 | 0.045 | 0.132 | 0.086 | 690 | 40,757 | 1,327 |
| West End | 35,650 | 0.035 | 0.000 | 0.040 | 1,265 | - | 1,410 |
| Historic Tailings | 3,001 | 0.034 | 0.165 | 0.084 | 102 | 9,903 | 252 |
| **Total Probable Mineral Reserve[(1)]** | **98,066** | **0.047** | **0.070** | **0.071** | **4,579** | **137,037** | **6,962** |
| **Metric Units** | **(kt)** | **(g/t)** | **(%)** | **(g/t)** | **(t)** | **(t)** | **(t)** |
| Yellow Pine | 39,903 | 1.97 | 0.098 | 3.10 | 78.4 | 39,179 | 123.6 |
| Hangar Flats | 13,998 | 1.53 | 0.132 | 2.95 | 21.5 | 18,487 | 41.3 |
| West End | 32,341 | 1.22 | 0.000 | 1.36 | 39.3 | - | 43.9 |
| Historic Tailings | 2,722 | 1.17 | 0.165 | 2.88 | 3.2 | 4,492 | 7.8 |
| **Total Probable Mineral Reserve[(1)]** | **88,964** | **1.60** | **0.070** | **2.43** | **142.4** | **62,159** | **216.5** |

*Notes:*

*(1) Metal prices used for Mineral Reserves: $1350/oz Au, $22.50/oz Ag, $4.50/lb Sb.*
*(2) Block MUST be economical based on gold value only in order to be included as ore in Mineral Reserve.*
*(3) Numbers may not add exactly due to rounding.*

Mineral Reserves exclude approximately 10.8 Mst with average grades of 0.032 oz/st (1.10 g/t) Au, 0.049 oz/st (1.67 g/t) Ag and 0.05% Sb that are Inferred Mineral Resources that lie within the Mineral Reserve pit limits; conversion of some or all of these tons would increase payable metal and reduce strip ratios. **Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. Inferred Mineral Resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that these inferred Mineral Resources will be converted to the Measured and Indicated categories through further drilling, or into Mineral Reserves, once economic considerations are applied.**

***Mining***

The mine plan developed for the Project incorporates the mining of the three *in situ* Mineral Deposits: Yellow Pine, Hangar Flats, and West End and their related waste rock, and the re-mining of Historic Tailings along with its cap of spent heap leach ore (**SODA**). Ore from the three pits would be sent to a centrally located crusher while the Historic Tailings would be fed by slurry into the process plant's grinding circuit. Waste rock would be sent to four distinct destinations: the tailings storage facility (**TSF**), the main Waste Rock Storage Facility (**Main WRSF**), the West End Waste Rock Storage Facility (West End WRSF), and to the Yellow Pine pit as backfill. The general sequence of mining would be the Yellow Pine deposit first, Hangar Flats second, and West End third. This planned sequence is driven by the need to backfill the Yellow Pine pit with waste rock from the West End pit in order to restore the original gradient of the EFSFSR while using environmentally appropriate carbonate-rich material for such backfill. This order generally follows a sequence of mining gold ounces from highest grade to lowest grade, and lowest cost to highest cost. The Historic Tailings, which lie within the footprint of the Main WRSF, would

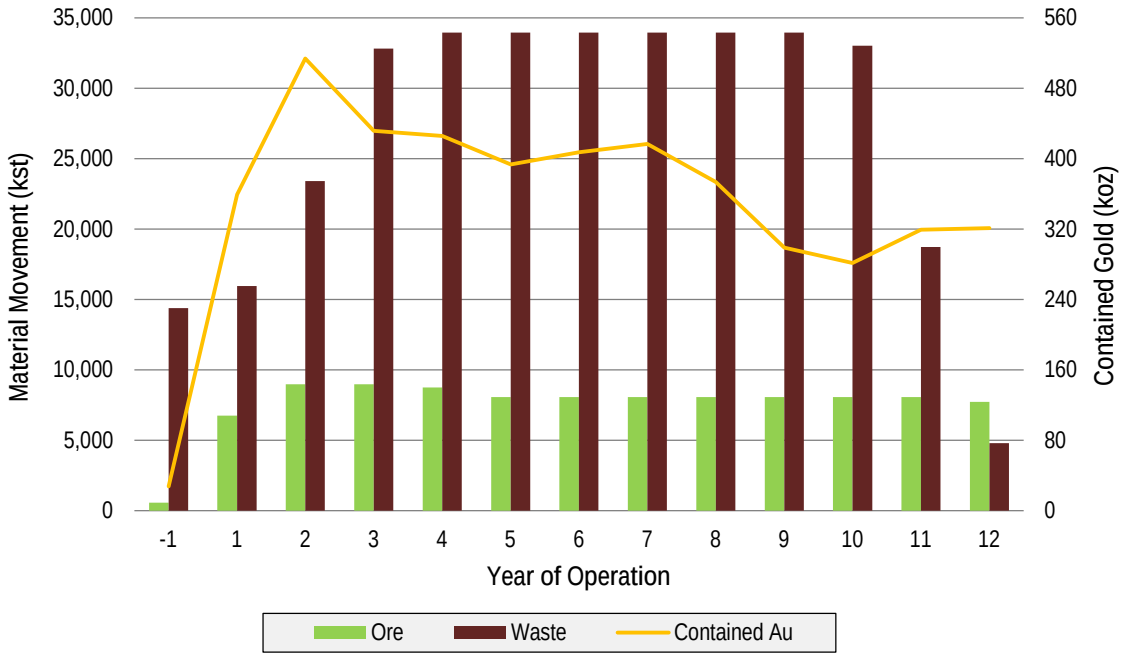
be removed during the first four years of the mine schedule to make the necessary space for the Main WRSF.

Mining at the Stibnite Gold Project would be accomplished using conventional open pit hard rock mining methods. Mining is planned to deliver 8.05 Mst of ore to the crusher per year (22,050 st/d), with stockpiling by ore type (low antimony sulfide, high antimony sulfide and oxide). Batches of oxide and sulfide material would be sent to the crusher; the oxide feed would be vat leached while the sulfide material would be floated to produce up to two concentrates: (1) an antimony concentrate, when there is sufficient antimony to justify recovering it, to be sent offsite and (2) a gold-bearing sulfide concentrate that would be oxidized in an autoclave and then sent to agitated leach tanks for gold-silver leaching.

The PFS mine plan schedules 98.066 Mst of ore to be fed to the processing plant from Yellow Pine, Hangar Flats and West End pits. The mining sequence requires the waste stripping to average 3.5:1 (waste rock: ore) for the first 3 years; then the stripping ratio would grow to 4.2:1 for years 4 through 9 after which it would drop to an average of 2.4:1 for the final 3 years. During the first four years, 3.0 Mst of Historic Tailings would be fed to the processing plant at a stripping ratio of 2.0:1 (SODA:tailings). The life-of-mine (**LOM**) strip ratio averages 3.5:1.

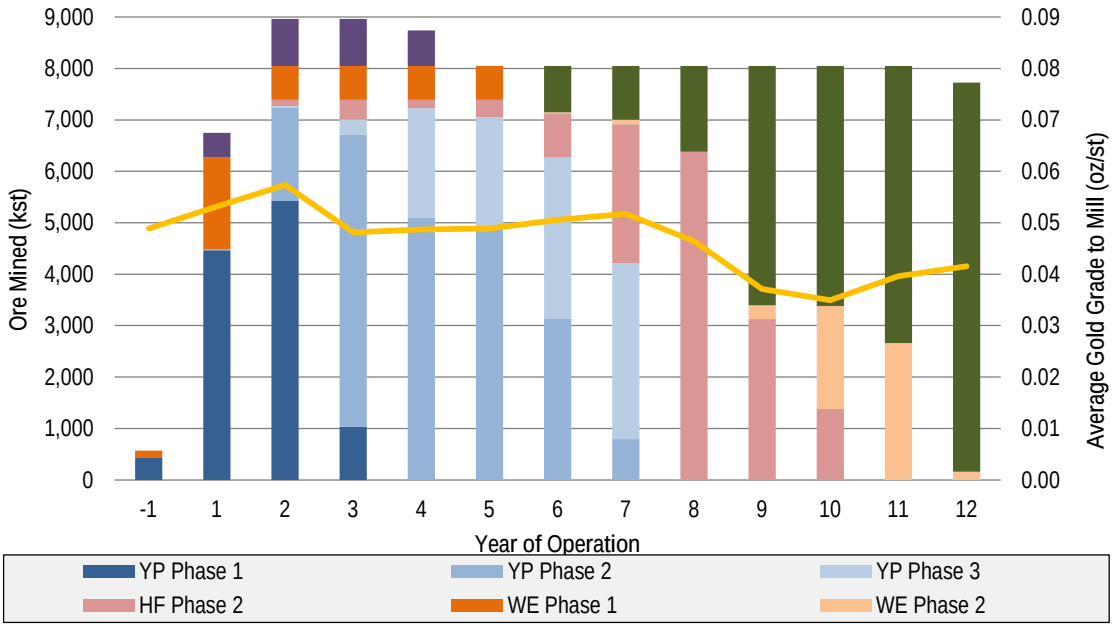
**Figure 1.4** is a graphical depiction of the ore and waste rock movements from the mining phases by period and the contained gold ounces for the potential mine schedule for the Stibnite Gold Project; preproduction material from Year -1 would be processed in Year 1.

**Figure 1.4: District Ore and Waste Movements and Ounces of Contained Gold Mined by Year**




A summary of the mill feed by deposit is provided on **Figure 1.5**. This figure represents the Mineral Reserve because the Probable Mineral Reserve corresponds to the total ore processed in the mine.

**Figure 1.5: Ore Mining Schedule by Deposit and Phase**




A summary of the mill feed statistics by ore type is provided in **Table 1.5**

**Table 1.5: LOM Mill Feed Statistics by Ore Type**

| Item | Unit | Value |
|---|---|---|
| **General LOM Production Statistics** | | |
| Waste Rock Mined | Mst | 346.7 |
| Ore Mined | Mst | 98.1 |
| Strip Ratio (waste rock tons : ore tons). | st:st | 3.5:1 |
| Daily Mill Throughput | st/d | 22,050 |
| Annual Mill Throughput | Mst | 8.05 |
| Mine Life | production years | 12 |
| **LOM Average Mill Head Grade** | | |
| Tonnage Milled | Mst | 98.1 |
| Gold Feed Grade | oz/st Au | 0.047 |
| Silver Feed Grade | oz/st Ag | 0.071 |
| Antimony Feed Grade | % Sb | 0.070 |
| **Oxide Ore** | | |
| Tonnage Milled | Mst | 10.7 |
| Gold Feed Grade | oz/st Au | 0.025 |
| Silver Feed Grade | oz/st Ag | 0.030 |
| Antimony Feed Grade | % Sb | - |
| **High Antimony Ore** | | |
| Tonnage Milled | Mst | 11.0 |

| Item | Unit | Value |
|---|---|---|
| Gold Feed Grade | oz/st Au | 0.061 |
| Silver Feed Grade | oz/st Ag | 0.193 |
| Antimony Feed Grade | % Sb | 0.528 |
| **Low Antimony Ore (includes Historic Tailings)** | | |
| Tonnage Milled | Mt | 76.3 |
| Gold Feed Grade | oz/st Au | 0.048 |
| Silver Feed Grade | oz/st Ag | 0.059 |
| Antimony Feed Grade | % Sb | 0.014 |

Mining would be performed with up to eighteen 200 st class haul trucks loaded by up to four 23.5 cubic yard front end loaders. The trucks would be light-body versions with an actual haulage capacity of 220 st. Blast holes would be 7-7/8" in diameter drilled by up to four drill rigs. An auxiliary fleet comprising dozers, motor graders water trucks and other ancillary equipment is also included in equipment requirements.

The overall gold recoveries to doré are expected to average approximately 90% from Yellow Pine, 87% from Hangar Flats, 86% from West End, and 75% from the Historic Tailings. When processing material containing more than 0.1% Sb, antimony recoveries are expected to average 82% for Hangar Flats and 87% for Yellow Pine, with minor gold and silver contained in the antimony concentrate.

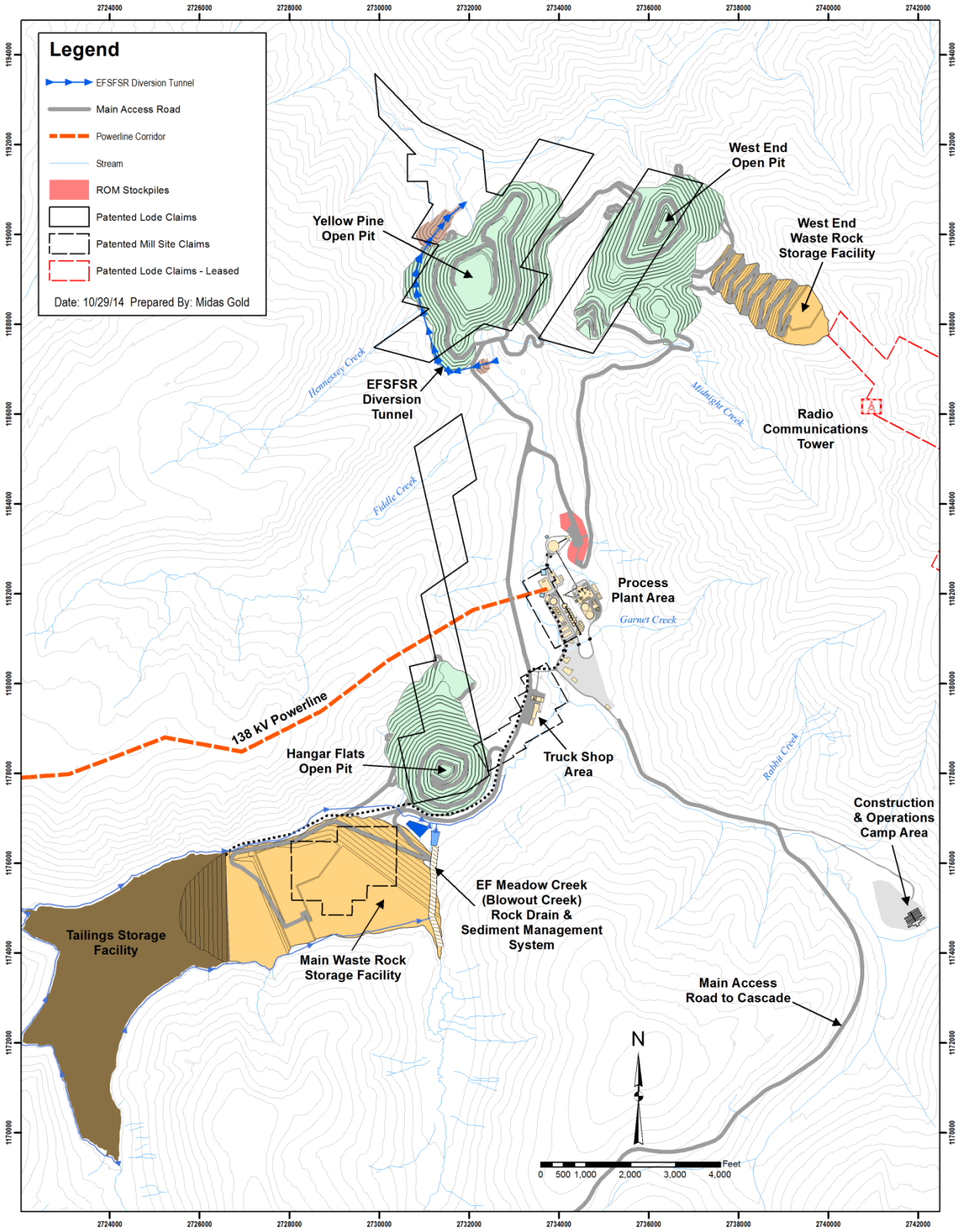
**Figure 1.6** is a general overview of the mine site at the end of mine life prior to closure and reclamation.

***Recovery***

The Project's process plant has been designed to process sulfide, transition and oxide material from the Yellow Pine, Hangar Flats, and West End deposits. The processing facility is designed to treat an average of 22,050 st/d, or 8.05 Mst/y. Additionally, the Historic Tailings would be reprocessed early in the mine life to recover precious metals and antimony, and to provide space for the Main WRSF.

The overall gold recoveries to doré are expected to average approximately 90% from Yellow Pine, 87% from Hangar Flats, 86% from West End, and 75% from the Historic Tailings. When processing material containing more than 0.1% Sb, antimony recoveries are expected to average 82% for Hangar Flats and 87% for Yellow Pine, with minor gold and silver contained in the antimony concentrate.

**Figure 1.6: Overall Site Layout**



***Process Operation Components***

Run-of-mine (**ROM**) material would be crushed and milled, then flotation would be used to recover antimony as a stibnite flotation concentrate (with some silver and minor gold) when there is sufficient antimony to justify it. For all sulfide ore, an auriferous bulk sulfide flotation concentrate would be produced and oxidized in an autoclave. The autoclave residue and flotation tailings would be processed through conventional cyanidation and, doré bars produced containing gold and silver. Historic Tailings would be introduced into the ball mill during the first 3 - 4 years of operation. Tailings from the operation would be deposited in a geomembrane-lined TSF. The process operations include the following components:

- **Crushing Circuit** – ROM material would be dumped onto a grizzly screen and into the crusher dump hopper feeding a jaw crusher operating at an average utilization of 75% yielding an instantaneous design-throughput of 1,225 short tons per hour (**st/h**).
- **Grinding Circuit** – The grinding circuit incorporates a single semi-autogenous (**SAG**) mill, single ball mill design with an average utilization of 92%, yielding an instantaneous design-throughput of 998.5 st/h. When Historic Tailings are processed during early years of the operation, the slurry from the plant would also flow to the cyclone feed pump box. Cyclone underflow flows by gravity to the ball mill; cyclone overflow, at 33% solids with a target size of 80% passing ($\mathbf{P_{80}}$) 75 microns, would be screened to remove tramp oversize and flow through a feed sample system and on to the antimony or gold rougher flotation circuit, depending on the antimony concentration of the material.
- **Flotation Circuit (Antimony and Gold)** – The flotation circuit consists of up to two sequential flotation stages to produce two different concentrates; the first stage of the circuit was designed to produce an antimony concentrate when the antimony grade is high enough, or bypassed if not, and the second stage was designed to produce a gold-rich concentrate.
- **Pressure Oxidation Circuit** – Two concentrate surge tanks would be pumped to the autoclave feed tank, which would feed the autoclave. The autoclave is designed to provide one hour of retention time at 428 degrees Fahrenheit to oxidize the sulfides and liberate the precious metals. Autoclave discharge would be processed through flash vessels and gas discharge is processed through a scrubber. Slurry discharge from the flash vessels would be processed through the basic ferric sulfate (**BFS**) re-leach tanks to stabilize the solids prior to cyanide leaching.
- **Oxygen Plant** – An oxygen plant producing 670 st/d of gas at 95 percent oxygen and a gauge pressure (**psig**) of 570 is planned. The oxygen would be from a vendor-owned oxygen plant located near the autoclave building providing the autoclave with an “over the fence” supply.
- **Oxidized Concentrate Processing** – Post-POX, the concentrate stream would be conditioned with lime and leached for 24 hours and discharged to a six stage pump-cell carbon-in-pulp (**CIP**) circuit for precious metal recovery from this high grade stream. The CIP tailings would be discharged to the flotation tailings leach circuit for extended retention time and to minimize reagent costs for the tailings leach system.
- **Oxide Carbon-in-Leach and Tailings Detoxification** – A (**CIL**) circuit was included in the design of the process plant to recover gold from non-refractory material in the flotation tailings, and in oxide material from the West End deposits that would be processed during oxidation circuit scheduled maintenance periods.
- **Carbon Handling** – Loaded carbon from the CIP circuit would be processed through a conventional carbon handling circuit.
- **Gold Room** – Precious metals would be recovered from the strip solution by electrowinning.
- **Tailings** – Tailings would be pumped from the process plant to the TSF In a HDPE-lined carbon

steel pipe.

- **Process Control Systems** - The process plant design includes an integrated process control system.

***Project Infrastructure***

Site Access

The site is currently accessed by the Stibnite Road, National Forest (NF-412), from the village of Yellow Pine, with three alternative routes up to that point. To address a number of shortcomings related to these routes, alternative access via the Burntlog Route was selected over several other possible alternatives because it provides safer year-round access for mining operations, reducing the proximity of roads to streams, creeks and rivers, and this route respects the advice and privacy of community members close to the Project location.

Onsite and Offsite Facilities

In an effort to reduce traffic to and from the Project site and to reduce housing requirements at the site, administrative offices for Project would be located in or near the town of Cascade (the **Cascade Complex**). The Cascade Complex would include offices for some managers, safety and environmental services, human resources, purchasing, and accounting personnel. The Cascade Complex would also have a small warehouse, a parking area for trucks to check-in and assemble prior to traveling to the Project site and the main assay laboratory.

Midas Gold currently has an on-site facility capable of housing approximately 60 and feeding 125 workers per 12 hour shift. To manage the estimated peak construction workforce of 1,000-persons, the existing exploration camp would be relocated and expanded to provide the necessary accommodations. The operations camp would be developed by upgrading, and downsizing, the construction camp to meet the needs of the operations staff that would peak at over 500 persons.

Power Supply and Transmission

Grid power was selected as the best alternative for the electrical power supply for the Project based on its low operating cost and likely lowest environmental impact. In order provide the necessary power, the existing grid system would need to be upgraded to support the full anticipated 50 megawatt (**MW**) load of the Project. The upgrades would include an upgrade of approximately 42 mi of 69 kilovolt (**kV**) lines to 138 kV, new 138 kV substations at Lake Fork, Cascade, and Warm Lake, as well as measures to strengthen the voltages on the IPCo system. In addition, IPCo would re-supply small consumers between Warm Lake and Yellow Pine via a replacement 12.5 kV line. Construction power supply would be provided by three diesel generators that would then be used as emergency backup for the remainder of the operations of the Project.

Water Management and Supply

Water management infrastructure would be needed for surface water and sediment management and to provide water supply for both personnel and the operations. The PFS provides the framework for a comprehensive approach to water management at the Project site, addressing water management objectives for construction, operation, and post-closure. Key elements include segregation of process water, contact water, untreated stormwater, and sanitary waste from the environment, provision for

fish passage around and then through the Yellow Pine pit during operations and after closure respectively, clean-up of legacy issues in the Project area, and reclamation and closure of the site to achieve acceptable and sustainable water quality.

Waste Rock and Tailings Management

Mine waste requiring on-site management includes waste rock from the three open pits, flotation and POX tailings from ore processing, and historic mine waste (spent heap leach ore from SODA and the Hecla heap, as well as historical waste dumps) exposed during construction and mining. The existing Historic Tailings would be reprocessed, and subsequently commingled with the rest of the tailings. A single TSF would be constructed to retain all tailings from the processing of the various ore types. The TSF would consist of a rockfill dam and a geosynthetic-lined impoundment that would be constructed in stages throughout the Project life. A majority of the waste rock would be deposited in the main WRSF located downstream of the TSF dam and would act as a buttress (enhancing dam stability), used as rockfill in TSF construction, or placed as backfill within mined-out areas of the pits to facilitate closure and reclamation. Current test work indicates no need for special handling of any of the waste materials. Spent ore and waste rock from previous on-site operations would be used as a construction material in the TSF. With SODA material included, the TSF dam and WRSF combined would hold 210 Mst of waste rock and overburden. Most of the waste from the West End pit would be used to backfill portions of the West End and Yellow Pine pits, with the remainder placed at the TSF and West End WRSF.

A geochemical characterization program was carried out for mine waste rock materials, including the spent ore on the SODA, which provides a basis for assessment of the potential for metal leaching and acid rock drainage, prediction of contact water quality, and evaluation of options for design, construction, and closure of the mine facilities. The results of the static geochemical test work demonstrate that the bulk of the Project waste rock material is likely to be net neutralizing and presents a low risk for acid generation, while there is still a potential to leach some constituents under the neutral to alkaline conditions (i.e. arsenic and antimony) both of which are currently elevated in ground and surface waters due to the naturally high geochemical background of these metals in the District and impacts from past mining activities. Similarly, bulk flotation tailings are expected to generate neutral pH drainage and require no special disposal considerations to prevent acidic drainage, and POX tailings will be blended with the bulk flotation tailings in order to benefit from their buffering capacity.

***Market Studies and Contracts***

The economic analysis completed for this PFS assumed that gold and silver production in the form of doré with payabilities, refining and transport charges as provided in **Table 1.6**.

**Table 1.6: Doré Payables, Refining and Transportation Assumptions**

| Parameter | Gold in Doré | Silver in Doré |
|---|---|---|
| Metal Payability in Doré | 99.5% | 98.0% |
| Refining Charges | $1.00/oz Au | $0.50/oz Ag |
| Transportation Charges | $1.15/oz Au | $1.15/oz Ag |

**Table 1.7** summarizes the antimony concentrate payables and transportation charge assumptions for this PFS.

**Table 1.7: Antimony Concentrate Payables and Transportation Assumptions**

| Parameter | Concentrate Payables and Transportation Charges |
|---|---|
| Antimony Payability | Constant at 68% (based on a constant life-of-mine concentrate grade of 59%) |
| Gold Payability | <5.0 g/t Au no payability<br>≥5.0 g/t ≤8.5 g/t Au payability of approximately 15 - 20%<br>≥8.5 g/t ≤10.0 g/t Au payability of approximately 20 - 25%<br>≥10.0 g/t Au payability of approximately 25% |
| Silver Payability | <300 g/t Ag no payability<br>≥300 g/t ≤700 g/t Ag payability of approximately 40 - 50%<br>≥700 g/t Ag payability of approximately 50% |
| Transportation Charges | $151/wet tonne from site to Asia |

The metal prices selected for the four economic cases in this Report are shown in **Table 1.8**.

**Table 1.8: Assumed Metal Prices by Case**

| Case | Metal Prices | | | Basis |
|---|---|---|---|---|
| | Gold ($/oz) | Silver[(1)] ($/oz) | Antimony[(1)] ($/lb) | |
| Case A | 1,200 | 20.00 | 4.00 | Lower-bound case that reflects the lower prices over the past 36 months and spot on December 1, 2014. |
| **Case B (Base Case)** | **1,350** | **22.50** | **4.50** | Approximate 24-month trailing average gold price as of December 1, 2014. |
| Case C | 1,500 | 25.00 | 5.00 | Approximate 48-month trailing average gold price as of December 1, 2014. |
| Case D | 1,650 | 27.50 | 5.50 | An upside case to show Project potential at metal prices approximately 20% higher than the base case. |

*Note:*

*(1) Prices were set at a constant gold:silver ratio ($/oz:$/oz) of 60:1 and a constant gold:antimony ratio ($/oz:$/lb) of 300:1 for simplicity of analysis, although individual price relationships may not be as directly correlated over time. Historic gold:silver ratios have averaged around 60:1.*

***Environmental Studies***

The Project area has been mined extensively for tungsten, antimony, mercury, gold, and silver since the early 1900s, providing strategic metals to the United States during war time critical minerals shortages, generating substantial economic benefit to the local counties and the State of Idaho, and providing much needed jobs and support to local businesses for nearly 100 years. These various historic mining efforts have left significant legacy environmental impacts that persist to this day, although multiple cleanup efforts undertaken by federal and state agencies and private entities have mitigated some of those historic impacts. Historic mining impacts have been compounded by extensive forest fires and subsequent damage from soil erosion, landslides and debris flows and resultant sediment transport.

In conjunction with the redevelopment of the Project area outlined in the PFS, Midas Gold has developed a plan to restore much of the site by removing existing barriers to fish migration and re-establishing salmon and steelhead fish passage, removing and reprocessing unconstrained historic tailings, reusing historic spent ore material for construction, restoring stream channels, and implementing sediment control projects such as repairing on Blowout Creek, as well as extensive reforestation of the Project area. Midas Gold has endeavored to minimize the Project's footprint and related impacts by siting facilities and roads on previously disturbed ground and away from riparian areas, provided for a new access road that avoids rivers and large waterways, and would connect to grid power to minimize fossil fuel consumption and haulage.

Baseline Studies and Existing Conditions

An extensive set of baseline data demonstrating historic and existing conditions exists for the Project site, including those collected by contractors for the US Forest Service (**USFS**) and the US Environmental Protection Agency (**EPA**) that determined there were no unacceptable risks to the environment or human health and that there were no populations (fish, wildlife, or human) shown as having a "likely" risk. In 2001, the EPA and the Bureau of Environmental Health and Safety, Division of Health, Idaho Department of Health and Welfare, determined the risk to be too low for listing on the National Priorities List. In 2009 and 2010, contractors to Midas Gold conducted Phase I and Phase II Environmental Site Assessments, as prescribed by ASTM International (**ASTM**) Standard Practices; these assessments determined that there were no imminent threats to human health or the environment, but that there was a number of pre-existing significant and moderate recognized environmental conditions.

In 2011, Midas Gold retained environmental consulting firms to conduct technical adequacy audits of all existing environmental information and to develop individual work plans to conduct an environmental baseline collection program. These workplans were developed with input from involved state and federal agencies in order to establish the existing environmental conditions, identify and quantify environmental risks and liabilities, and monitor for potential impacts from onsite activities. Work programs commenced in 2011 and will continue into 2016 and beyond to ensure an adequate baseline accurately describe the existing environment at the "brownfield site", and allow for a "full and fair" discussion of all potentially significant environmental impacts in the event that the Project moves forward.

Consent Decrees

Several of the patented lode and mill site claims acquired by Midas Gold are subject to consent decrees entered in the US District Courts involving or pertaining to environmental liability and remediation responsibilities with respect to the affected properties, which provide regulatory agencies access and the right to conduct remediation activities and also require that heirs, successors and assignees refrain from activities that would interfere with or adversely affect the integrity of any remedial measures implemented by government agencies.

Permitting

Should a decision be made to file a Plan of Operations (**PoO**), approval of any Final PoO / Reclamation Plan for the Project would require an environmental analysis in compliance with the National Environmental Policy Act (**NEPA**), which requires federal agencies to study and consider the likely environmental impacts of the proposed action before taking whatever federal action is necessary for the Project to proceed. An EIS serves as an "overarching" permit requirement, as well as that for water

discharge; waste and tailings placement and endangered species authorization. The EIS Record of Decision (**ROD**) effectively drives the entire permitting process, since a favorable ROD is required before these important clearances can be obtained. State and local permitting processes would be integrated and proceed concurrent with the EIS, and include air quality, cyanide, land application of water, groundwater, water rights, dam safety, reclamation, building permits, sewer and water systems, etc. Midas Gold believes it will be beneficial to have all permit processes integrated into the Idaho Joint Review Process (**IJRP**) and that the IJRP would play a key role in increased communication and cooperation between the various involved governmental agencies, and reduced conflict, delay, and costs in the permitting process. Midas Gold's objective is to make the Project a fully integrated, sustainable, and socially and environmentally responsible operation through open communications and accessibility.

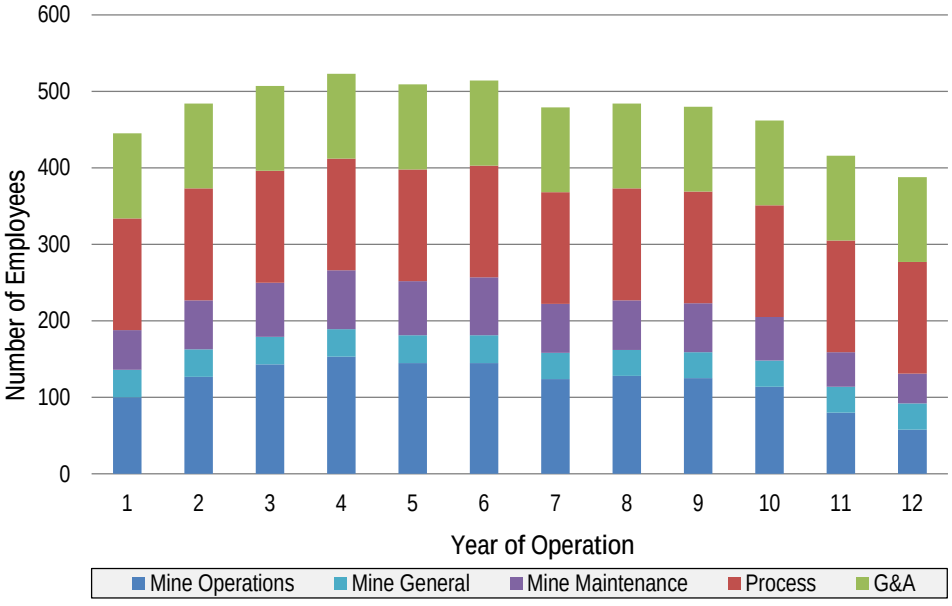
***Social Impacts***

Employment

Populations continue to grow in Valley and Adams Counties, but jobs are not keeping pace; unemployment rates in these counties are some of the highest in Idaho, while wages average only $27,433/year. The Project could do much to improve this situation, with current mining jobs in Idaho averaging $72,500/year and the Project offering an approximate average of some 400 direct and 321 indirect and induced jobs in Idaho generating aggregate annual payrolls of $48 million/year during the 3-year construction period (plus additional out-of-state contractors for specialized construction functions) and an approximate average of some 500 direct and 439 indirect and induced jobs generating aggregate annual payrolls of $56 million/year during the 12-year operating period.

Operations are scheduled for 365 days/year; a breakdown of the annual staffing requirements to operate and maintain the mine, processing plant, and appurtenant facilities and functions for the five functional work areas is provided on **Figure 1.7**. Whenever possible, the work force was segregated between the mine site and the Cascade Complex to limit the number of personnel at the mine site that require residential support and transportation to and from site.

**Figure 1.7: Annual Direct Employment by Department**



Taxes

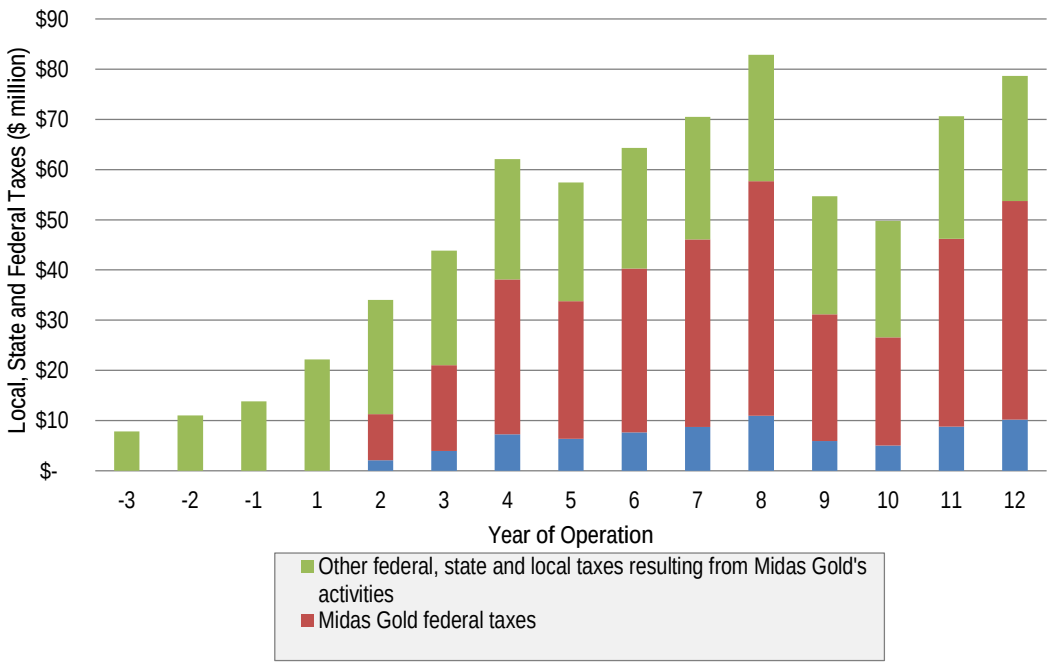
To estimate the potential economic impacts from the Project, an economic impact model known as IMpact analysis for PLANning (IMPLAN) was constructed (Peterson, 2014). The IMPLAN model was used to estimate direct, indirect and induced taxes, that would be paid by other taxpayers (other than Midas Gold), and the tax estimates were combined with the direct federal, state and local taxes that would be paid by Midas Gold (see Section 22 for details on the PFS financial model and tax calculations) to develop an estimate for the overall taxes generated by the Project. Figure 1.8 presents a plot of estimated annual direct, indirect and induced taxes associated with the Project paid by both Midas Gold and other taxpayers to federal, state and local governments.

Taxes that would be paid directly by Midas Gold over the life of the Project, based on the assumptions in the PFS, are estimated at approximately $329 million in federal corporate income taxes, and $86 million in state corporate income and mine license taxes.

Additional indirect and induced taxes that result from Midas Gold's activities that would be paid by other taxpayers, based on the assumptions in the PFS, are estimated at approximately $177 million in federal taxes (including payroll, excise, income and corporate), and $131 million in state and local taxes (including property, sales, excise, personal, corporate, and other).

Total direct, indirect and induced taxes are therefore estimated at $506 million in federal taxes and $218 million in state and local taxes, representing a significant contribution to the economy during the 15 year construction and operating life of the Project.

**Figure 0.8: Chart of Estimated State and Federal Taxes**




Environmental Mitigation and Remediation

Midas Gold has made considerable effort to design the Project restoration of the site through the incorporation of specific mitigation and remediation components, including re-establishing fish passage,

removal and reprocessing of unconstrained Historic Tailings, removal of unconstrained historical waste rock, reuse of historical spent ore piles for construction, stream channel restoration projects, and sediment control. The mitigation and remediation activities and costs are summarized in Section 20 and Section 21, respectively. Additionally, the Project design team has optimized siting of facilities wherever possible to avoid riparian areas, limit stream crossings, position facilities on previously disturbed ground, move major access routes away from large waterways, minimize the number of people on site to limit traffic, and re-establish historic line power to the site to minimize fuel haulage and reduce greenhouse gas emissions. In some cases, disturbance of albeit already impacted wetlands and streams would be unavoidable, which disturbance Midas Gold intends to address through a mitigation bank or similar entity as well as through onsite replacement and restoration of existing wetlands. Midas Gold would continue to build on its strong record by continuing to proactively evaluate Best Management Practices (**BMPs**) and Standard Operating Procedures (**SOPs**) effectiveness, including a post-closure component.

A critical goal for Midas Gold has been the incorporation of fisheries protection and habitat restoration components aimed at achieving a sustainable anadromous fishery, including passage of migrating salmon, steelhead, and trout to the headwaters of the EFSFSR both during and after operations for the first time since 1938. Upon closure, new enhanced wetlands and spawning grounds would be established to assist in the return of fish migration and reestablishment of a health riparian zone along the rebuilt stream channel. Midas Gold has also incorporated efforts to improve water quality by removing historical tailings, spent ore and waste rock and respectively reprocessing, reusing and relocating these materials, as well as developing sediment control features for Blowout Creek, currently a major contributor of sediment, and replanting historically disturbed and forest fire affected areas to reduce sedimentation.

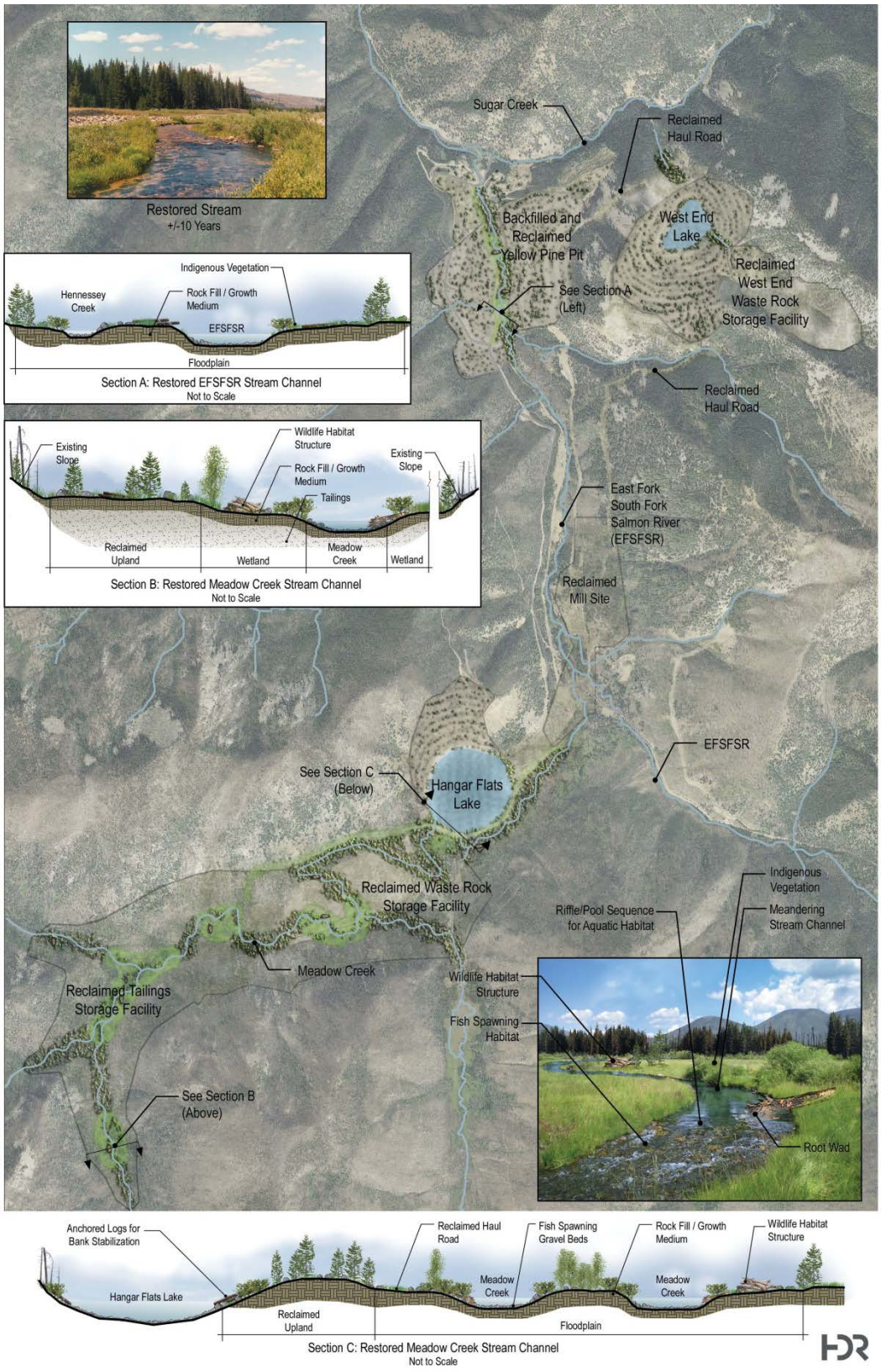
Closure

During construction, operations and once operations cease, extensive reclamation would be completed, creating enhanced surface water systems and suitable fisheries habitat. Midas Gold has identified 17 priority Project conservation components that form the basis of the overall conservation strategy that are summarized in Section 20 of the PFS.

**Figure 1.9** presents a site-wide illustration of the overall closure strategy. These components include: construction of the new Burntlog Road (which effectively moves the primary transportation route away from the Johnson Creek fishery), backfilling the Yellow Pine pit with environmentally appropriate material to create a stable hydrogeologic gradient suitable to the current conditions, closure of historic mine workings on USFS lands, ongoing wetlands and stream habitat enhancement, permanent restoration of fish passage up the EFSFSR, post-closure wetlands and stream habitat enhancement on top of the reclaimed TSF surface and reforestation of the Project area. The conservation commitment to restore the site through implementation of these measures is discussed in greater detail in Section 20, while closure costs are detailed in Section 21.

When operations cease, mobile and salvageable equipment would be removed, and foundations broken up, covered and re-vegetated (**Figure 1.9**). The objective is for the development of a self-sustaining natural environment that has addressed many of the historical impacts and supports a healthy fish and wildlife population. Post-closure monitoring is planned for an extended period to ensure that these objectives have been met.

**Figure 1.9: Conceptual Post Closure Reclamation**



***Economic Analysis***

Capital and operating cost estimates were developed based on Q3 2014, un-escalated U.S. dollars. Vendor quotes were obtained for all major equipment. Most costs were developed by first principles, although some were estimated based on factored references and experience with similar projects.

Capital Costs

The estimated capital expenditure or capital costs (**CAPEX**) for the Project consists of four components: (1) the initial CAPEX to design, permit, pre-strip, construct, and commission the mine, plant facilities, ancillary facilities, utilities, operations camp, and on and off site environmental mitigation; (2) the sustaining CAPEX for facilities expansions, mining equipment replacements, expected replacements of process equipment and ongoing environmental mitigation activities during the operating period; (3) working capital to cover delays in the receipts from sales and payments for accounts payable and financial resources tied up in inventory, and (4) closure CAPEX to cover post operations reclamation costs. Initial and working CAPEX are the two main categories that need to be available to construct the Project. **Table 1.9** summarizes the initial, sustaining and closure CAPEX for the Project.

**Table 1.9: Capital Cost Summary**

| Area | Detail | Initial CAPEX ($000s) | Sustaining CAPEX ($000s)[2] | Closure CAPEX ($000s)[2] | Total CAPEX ($000s) |
|---|---|---|---|---|---|
| Direct Costs | Mine Costs | 47,552[1] | 35,346 | - | 82,898 |
| | Processing Plant | 336,219 | 1,579 | - | 337,798 |
| | On-Site Infrastructure | 149,245 | 39,937 | - | 189,182 |
| | Off-Site Infrastructure | 80,327 | - | - | 80,327 |
| Indirect Costs | | 176,687 | 4,275 | - | 180,962 |
| Owner's Costs | | 26,806 | - | - | 26,806 |
| Environmental Mitigation Costs | | 10,606 | 8,165 | - | 18,771 |
| Closure Bonding, Closure and Reclamation Costs | | 762 | 9,185 | 56,542 | 66,489 |
| **Total CAPEX without Contingency** | | **828,204** | **98,488** | **56,542** | **983,233** |
| Contingency | | 142,050 | - | - | 142,050 |
| **Total CAPEX with Contingency** | | **970,254** | **98,488** | **56,542** | **1,125,283** |

*Note:*

*(1) Initial mining CAPEX includes environmental remediation costs as discussed in Section 21.*
*(2) Contingency included in line items.*

Mitigation costs only refer to relocation of a certain portion of the readily identifiable and quantified waste from historical mining activities; other costs related to recovery and reprocessing of Historic Tailings and relocation of unquantified waste rock at West End and Yellow Pine are included in operating costs and are partially offset by recovery of gold and antimony from the Historical Tailings.

Operating and All-In Costs

The cash operating costs include mine operating costs, process plant operating costs, general and administrative (**G&A**) costs, while total cash costs include smelting and refining charges, transportation charges, and royalties. A detailed breakdown of the summary of the operating costs (**OPEX**) costs is presented in **Table 1.10**. The details that comprise the OPEX are provided Section 21. The All-In Sustaining Costs (**AISC**) are also provided in the table, as well as the All-In Costs (**AIC**), which include non-sustaining capital and closure and reclamation costs.

**Table 1.10: Operating Cost, AISC and AIC Summary**

| Total Production Cost Item | LOM | | | Years 1-4 | |
|---|---|---|---|---|---|
| | ($/st mined) | ($/st milled) | ($/oz Au) | ($/st milled) | ($/oz Au) |
| Mining | 2.00 | 9.08 | 222 | 10.04 | 222 |
| Processing | - | 14.45 | 354 | 14.10 | 312 |
| G&A | - | 3.13 | 77 | 3.01 | 67 |
| **Cash Costs Before By-Product Credits** | **-** | **26.65** | **653** | **27.15** | **601** |
| By-Product Credits | - | -3.45 | -85 | -5.32 | -118 |
| **Cash Costs After of By-Product Credits** | **-** | **23.20** | **568** | **21.83** | **483** |
| Royalties | - | 0.94 | 23 | 0.34 | 23 |
| Refining and Transportation | - | 0.25 | 6 | 1.04 | 8 |
| **Total Cash Costs** | **-** | **24.38** | **597** | **23.20** | **513** |
| Sustaining CAPEX | - | 1.00 | 24 | 0.52 | 11 |
| Salvage | - | -0.27 | -7 | 0.00 | 0 |
| Property Taxes | - | 0.04 | 1 | 0.04 | 1 |
| **All-In Sustaining Costs** | **-** | **25.15** | **616** | **23.76** | **526** |
| Reclamation and Closure[(1)] | - | 0.58 | 14 | - | - |
| Initial (non-sustaining) CAPEX[(2)] | - | 9.89 | 242 | - | - |
| **All-In Costs** | **-** | **35.62** | **872** | **-** | **-** |

*Notes:*

*(1) Defined as non-sustaining reclamation and closure costs in the post-operations period.*
*(2) Initial Capital includes capitalized preproduction.*

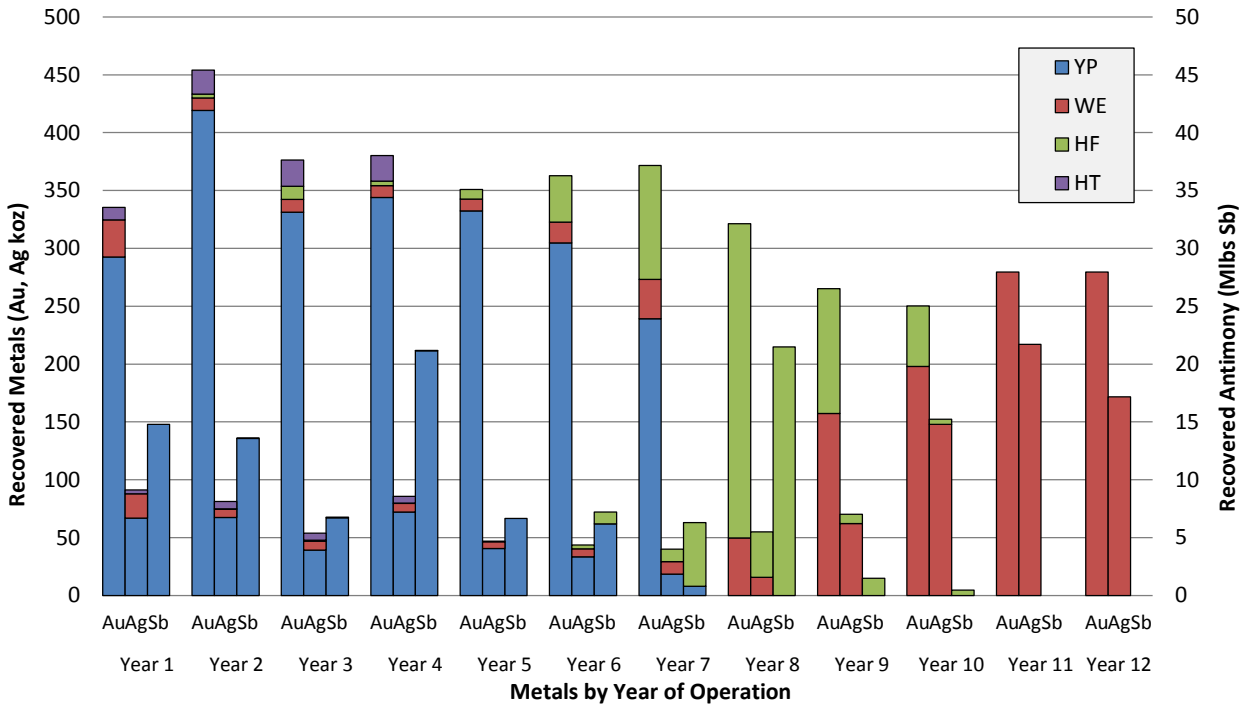
Metal Production

Recovered metal production by deposit is summarized in **Table 1.11** and illustrated on an annual basis on **Figure 1.10**.

**Table 1.11: Recovered Metal Production**

| Product by Deposit | Gold (koz) | Silver (koz) | Antimony (klbs) |
|---|---|---|---|
| **Doré Bullion** | | | |
| Yellow Pine | 2,263 | 338 | - |
| Hangar Flats | 597 | 68 | - |
| West End | 1,090 | 681 | - |
| Historic Tailings | 72 | 20 | - |
| **Doré Bullion Recovered Metal Totals** | **4,023** | **1,107** | **-** |
| **Antimony Concentrate** | | | |
| Yellow Pine | 12 | 611 | 69,822 |
| Hangar Flats | 5 | 349 | 30,030 |
| **Antimony Concentrate Recovered Metal Totals** | **17** | **960** | **99,852** |
| **Total Recovered Metals** | **4,040** | **2,067** | **99,852** |

**Figure 1.10: Annual Recovered Metals by Deposit**



Economic Analysis

The economic model described herein is not a true cash flow model as defined by financial accounting standards but rather, a representation of Project economics at a level of detail appropriate for a PFS level of engineering and design. The first year of analysis starts with the decision point of the Project, the completion of the EIS, and preliminary permit approval (Year -3 or three years before the start of commercial production). Taxation was taken into account using current federal, state, and county rates but the overall tax calculation is approximate and uses rudimentary depletion and depreciation estimates.

Four cases were run in the economic model to present a range of economic outcomes using varying metal prices. The metal prices used in the economic model are shown in **Table 1.8** and off-site costs and payables used are in **Table 1.6** and **Table 1.7**. There is no guarantee that any of the metal prices used in the four cases are representative of future metals prices. The constant parameters for all cases are shown in **Table 1.12**.

**Table 1.12: Economic Assumptions used in the Economic Analyses (all Cases)**

| Item | Unit | Value |
|---|---|---|
| Net Present Value Discount Rate | % | 5 |
| Federal Income Tax Rate | % | 35 |
| Idaho Income Tax Rate | % | 7.4 |
| Idaho Mine License Tax | % | 1.0 |
| Valley County Rural Property Tax Rate ($/$1,000 market value) | % | 0.063 |
| Percentage Depletion Rate for Gold and Silver | % | 15 |
| Percentage Depletion Rate for Antimony | % | 22 |
| Depreciation Term | Years | 7 |
| Equity Finance | % | 100 |
| Capital Contingency (Overall) | % | 17.2 |

The results of the economic analyses are shown in **Table 1.13**. Based on the assumptions made in this PFS, the $ATNPV_{5\%}$ is estimated to be $832 million yielding an after-tax IRR of 19.3%. The $ATNPV_{5\%}$ and IRR increases considerably with the Case C metal prices and decreases with the Case A metal prices. The $PTNPV_{5\%}$ for Case B was estimated to be $1,093 million with an IRR of 22.0%.

**Table 1.13: Economic Results by Case**

| Parameter | Unit | Pre-tax Results | After-tax Results |
|---|---|---|---|
| **Case A ($1,200/oz Au, $20.00/oz Ag, $4.00/lb Sb)** | | | |
| $NPV_{0\%}$ | M$ | 1,286 | 1,041 |
| $NPV_{5\%}$ | M$ | 662 | 513 |
| IRR | % | 16.2 | 14.4 |
| Payback Period | Production Years | 4.0 | 4.1 |
| **Case B ($1,350/oz Au, $22.50/oz Ag, $4.50/lb Sb)** | | | |

| | | | |
|---|---|---|---|
| **$NPV_{0\%}$** | **M$** | **1,915** | **1,499** |
| **$NPV_{5\%}$** | **M$** | **1,093** | **832** |
| **IRR** | **%** | **22.0** | **19.3** |
| **Payback Period** | **Production Years** | **3.2** | **3.4** |
| **Case C ($1,500/oz Au, $25.00/oz Ag, $5.00/lb Sb)** | | | |
| $NPV_{0\%}$ | M$ | 2,543 | 1,929 |
| $NPV_{5\%}$ | M$ | 1,524 | 1,129 |
| IRR | % | 27.2 | 23.4 |
| Payback Period | Production Years | 2.6 | 2.9 |
| **Case D ($1,650/oz Au, $27.50/oz Ag, $5.50/lb Sb)** | | | |
| $NPV_{0\%}$ | M$ | 3,171 | 2,344 |
| $NPV_{5\%}$ | M$ | 1,955 | 1,414 |
| IRR | % | 31.9 | 27.0 |
| Payback Period | Production Years | 2.2 | 2.5 |

The contribution to the Project economics, by metal, is about 94% from gold, 5% from antimony, and less than 1% from silver. The undiscounted after-tax cash flow for Case B is presented in **Figure 1.11**. The payable metal value by year for Case B is summarized on **Figure 1.12**.

**Figure 1.11: Undiscounted After-Tax Cash Flow for Base Case B**

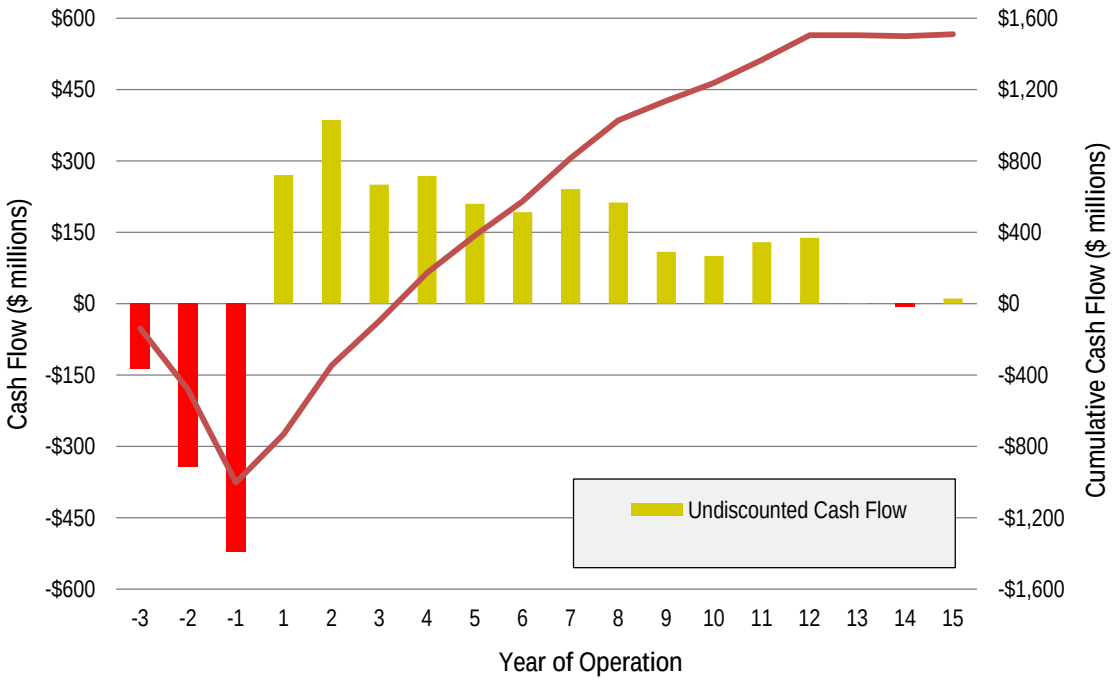
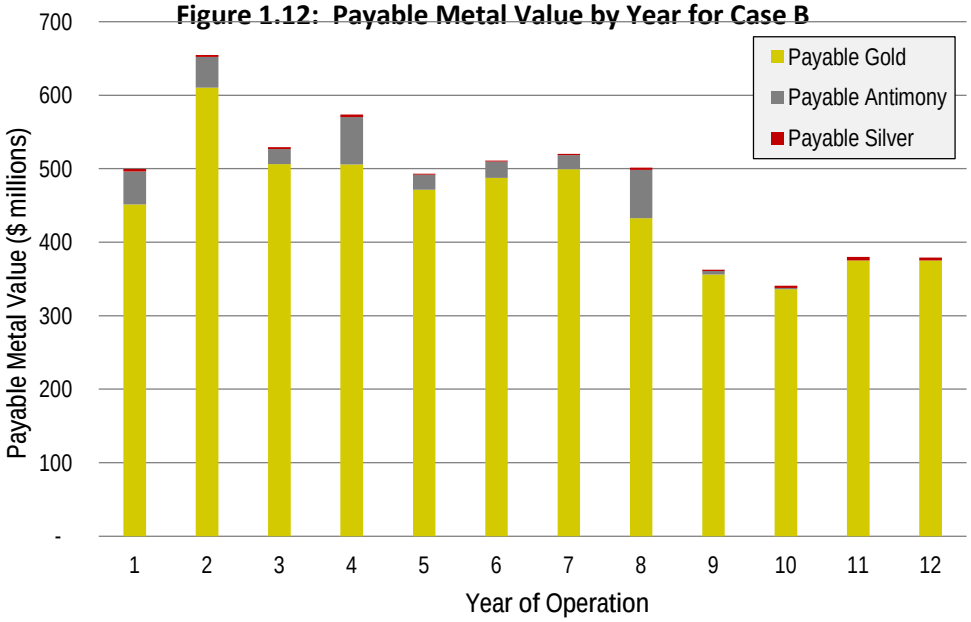


**Figure 1.12: Payable Metal Value by Year for Case B**




Mine Life

Using the current Mineral Reserve and the nominal design throughput of 22,050 st/d, the mine plan projects a 12 year production life. Construction is projected to require a three-year period after the permits are obtained and prior to the start of operations. Closure is projected to take at least 10 years post-production, with some reclamation work occurring concurrently with operations, and the bulk of the closure activities and costs incurred in the first 3 years after operations cease. Some closure activities and long-term monitoring are anticipated to continue well after the reclamation period is complete to ensure that the closure designs continue to protect the environment and are performing in accordance with the design parameters.

Sensitivity Analysis

Sensitivity analyses were performed using metal prices, mill head grade, CAPEX, and OPEX as variables. The value of each variable was changed plus and minus 20% independently while all other variables were held constant. The results of the sensitivity analyses are shown in **Table 1.14** and **Table 1.15**.

**Table 1.14: Pre-tax $NPV_{5\%}$ Sensitivities by Case**

| Case | Variable | $PTNPV_{5\%}$ (M$) | | |
|---|---|---|---|---|
| | | -20% Variance | 0% Variance | 20% Variance |
| Case A | CAPEX | 862 | 662 | 463 |
| | OPEX | 1,017 | 662 | 308 |
| | Metal Price or Grade | -27 | 662 | 1,352 |
| **Case B (Base Case)** | **CAPEX** | **1,292** | **1,093** | **894** |
| | **OPEX** | **1,447** | **1,093** | **739** |
| | **Metal Price or Grade** | **318** | **1,093** | **1,869** |

| | | | | |
|---|---|---|---|---|
| Case C | CAPEX | 1,723 | 1,524 | 1,325 |
| | OPEX | 1,878 | 1,524 | 1,170 |
| | Metal Price or Grade | 662 | 1,524 | 2,386 |
| Case D | CAPEX | 2,154 | 1,955 | 1,755 |
| | OPEX | 2,309 | 1,955 | 1,600 |
| | Metal Price or Grade | 1,007 | 1,955 | 2,902 |

**Table 1.15: After-tax $NPV_{5\%}$ Sensitivities by Case**

| Case | Variable | $ATNPV_{5\%}$ (M$) | | |
|---|---|---|---|---|
| | | -20% Variance | 0% Variance | 20% Variance |
| Case A | CAPEX | 676 | 513 | 346 |
| | OPEX | 760 | 513 | 239 |
| | Metal Price or Grade | -30 | 513 | 1,012 |
| **Case B (Base Case)** | **CAPEX** | **980** | **832** | **674** |
| | **OPEX** | **1,057** | **832** | **577** |
| | **Metal Price or Grade** | **244** | **832** | **1,357** |
| Case C | CAPEX | 1,266 | 1,129 | 982 |
| | OPEX | 1,341 | 1,129 | 903 |
| | Metal Price or Grade | 513 | 1,129 | 1,696 |
| Case D | CAPEX | 1,548 | 1,414 | 1,277 |
| | OPEX | 1,623 | 1,414 | 1,200 |
| | Metal Price or Grade | 770 | 1,414 | 2,035 |

***Comparison of 2012 PEA to PFS***

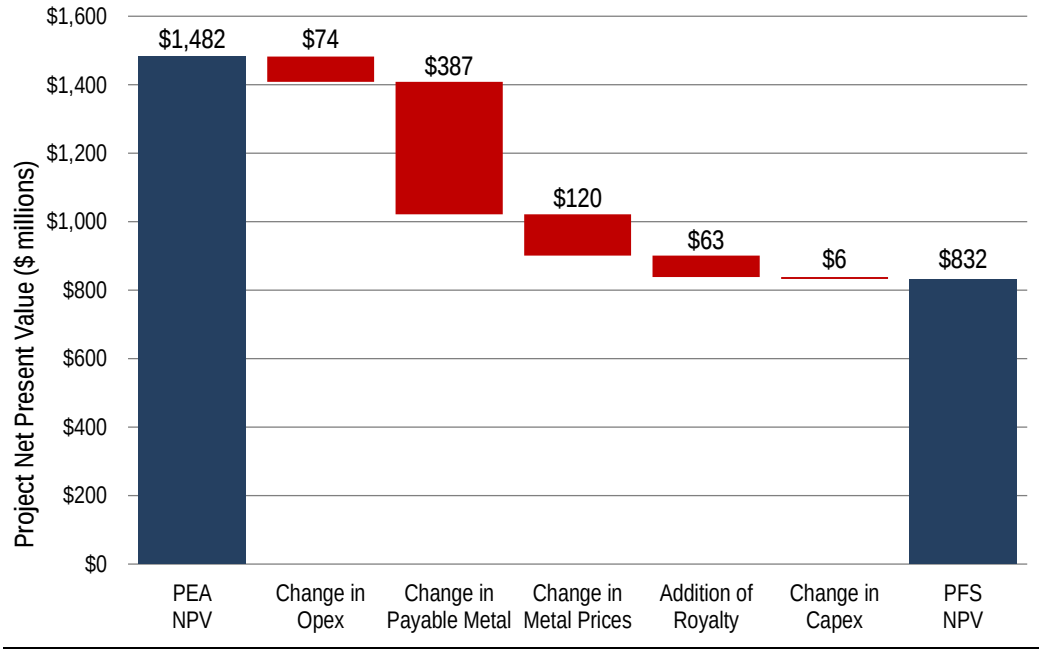
The estimated PFS LOM CAPEX is $57 million less than the estimated PEA (SRK, 2012) LOM CAPEX. Principle causes of the reduction can be attributed to decreases in mining costs related leasing the mining fleet, and the decision to eliminate a portion of the Hangar Flats deposit from the LOM plan thereby reducing the mine life and total tons moved. Additional reductions include: a lower Project contingency resulting from more detailed engineering and designs; a reduction of owner's costs; the elimination of an acidulation circuit; and a slightly smaller tailings storage facility due to less material being processed.

Compared to the PEA, the PFS LOM unit operating costs have increased. The principle changes include: a reduction in by-products credits; an increase in cash costs in mining resulting from leasing major pieces of equipment; an increase in processing costs resulting from higher grinding media consumption and higher power costs; and the addition of a 1.7% royalty that applies to gold revenue.

Many factors have influenced the $ATNPV_{5\%}$ from the $1,482 million reported in the PEA to the $832 million reported in this PFS. Significant changes include a decrease in payable metal, decrease in metal prices, increases to OPEX and the addition of a royalty. The decrease in payable metal is partially a result of changing from using Mineral Resources in the PEA to Mineral Reserves (i.e. Inferred Mineral Resources are excluded, as required for a PFS under NI 43-101) in addition to other changes in the Mineral Resource estimates for at each of the deposits, as discussed in Section 14. The decrease in

metal prices during the intervening time further exacerbated the reduction in LOM revenue. Changes in $ATNPV_{5\%}$ relative to the 2012 PEA are summarized on **Figure 1.13**.

**Figure 1.13: Changes in LOM After-Tax $NPV_{5\%}$ from PEA to PFS**




***Risks and Opportunities***

A number of risks and opportunities have been identified in respect of the Project; aside from industry-wide risks and opportunities (such as changes in capital and operating costs related to inputs like steel and fuel, metal prices, permitting timelines, etc.), high impact Project specific risks and opportunities are summarized below.

Risks, for which additional information is required in order to mitigate:

- Use of historical data in Mineral Resource estimates, which could affect these estimates;
- Limited geotechnical data which could change pit slopes or foundation conditions in infrastructure areas;
- Loss of gold into antimony concentrates;
- Water management and chemistry, which could affect diversion and closure designs and/or the need for long term water treatment; and
- Construction schedule.

Opportunities that could improve the economics, and/or permitting schedule of the Project, including a number with potential to increase the $NPV_{5\%}$ by more than $100 million follow:

- In pit conversion of Inferred Mineral Resources to Mineral Reserves, increasing Mineral Reserves and reducing strip ratio;
- Out of pit conversion of Inferred Mineral Resources to Mineral Reserves adjacent to the current Mineral Reserves, resulting in increased Mineral Reserves in close proximity to planned pits;
- In pit conversion of unclassified material currently treated as waste rock to Mineral Reserves,

increasing Mineral Reserves and reducing strip ratios;

- Improved continuity of higher grade gold mineralization in the Yellow Pine pit, particularly around the area with excluded or limited Bradley drilling, increasing grade of the Mineral Reserves;
- Additional fire assay information at West End in areas where only cyanide assays were available, potentially increasing grade and Mineral Reserves;
- Potential additional antimony mineralization and/or grade in areas where Bradley data was eliminated and/or areas where antimony was not assayed, increasing by-product credits;
- Potential for the definition of a higher grade, higher margin underground Mineral Reserve at Scout and Garnet; and
- Discovery of other new deposits with attractive operating margins.

Opportunities with a medium impact ($10 to $100 million increase in Project $NPV_{5\%}$) include improved recoveries, secondary processing of antimony concentrates, potential legislative designation of antimony as a critical mineral; steeper pit slopes, onsite quicklime generation, and government funding of off-site infrastructure. A number of lesser impact opportunities also exist.

***Conclusions And Recommendations***

Industry standard mining, processing, construction methods, and economic evaluation practices were used to assess the Project. There was adequate geological and other pertinent data available to generate the PFS.

The financial analysis presented in Section 22 of the PFS demonstrates that the Project is financially viable and has the potential to generate positive economic returns based on the assumptions and conditions set out in this Report, while other sections of the PFS demonstrate that the Project is technically and environmentally viable. These conclusions warrants continued work to advance the Project to the next level of study, which is a Feasibility Study (**FS**), by conducting the work indicated in the recommendations section of this Report. These recommendations form a single phase that will move the Project through to completion of a FS and, if so desired, through the regulatory process for mine development. Total estimated costs for completion of this single phase are $22.3 million. While additional information is required for a complete assessment of the Project, at this point there do not appear to be any fatal flaws. The PFS has achieved its original objective of providing a review of the potential economic viability of the Project to standards appropriate for a PFS.

The QPs of this Report are not aware of any unusual, significant risks or uncertainties that could be expected to affect the reliability or confidence in the Project based on the data and information available to date.

An additional $22.5 million is identified as discretionary expenditures that would target a number of the opportunities identified in Section 25 of this PFS Report that could enhance the PFS case but that are not required in order to complete a FS or permitting.

**Table 1.16: Project Development Work Program Budget**

| Recommendations and Work Program | Estimated Costs ($000s) | |
|---|---|---|
| | Core | Discretionary |
| Mineral Resource Evaluation and Exploration | 3,700 | 21,200 |
| Field Programs Required for FS | 1,900 | - |
| Metallurgical Testing Required for FS | 2,400 | 1,300 |
| FS-Level Engineering | 3,500 | - |
| Environmental, Regulatory Affairs and Compliance | 10,800 | - |
| **Totals** | **22,300** | **22,500** |

**Social and Environmental Policies**

The Corporation maintains a written Code of Conduct and Ethical Values Policy (the "**Code**"), which sets out standards of behaviour required by all employees in conducting the business and affairs of Midas Gold and its subsidiaries. Compliance with the Code is mandatory for all employees, officers and directors, and the full text may be viewed on the Corporation's web site. Included within the Code is a requirement that all employees comply with all laws and governmental regulations applicable to the Corporation's activities, including but not limited to, maintaining a safe and healthy work environment, promoting a workplace that is free from discrimination or harassment and conducting all activities in full compliance with all applicable environmental and securities laws.

**Stibnite Gold Project Post-PFS Design Studies**

During 2015, numerous design optimizations were incorporated into Stibnite Gold Project, with particular focus on enhancing the environmental and permitting aspects of the Project. Provided below is a summary of the key enhancements:

- Yellow Pine Waste Rock Storage Facility – An additional WRSF was designed near the Yellow Pine open pit. This WRSF would significantly reduce haul traffic adjacent to the EFSFSR, reduce overall haulage distances and diesel consumption, reduce the size of the mining fleet, and enhance post-mining salmon habitat in Meadow Creek.
- Yellow Pine Backfill Approach – To improve the likelihood for successful post-closure fish passage, the vertical gradient of the restored EFSFSR through the Yellow Pine pit was reduced. This would hasten the ability to complete EFSFSR restoration activities, reduces the post-mining settlement along the restored reach of the EFSFSR, and reduces the overall waste rock haul distances.
- Rapid Infiltration Basins – Rapid groundwater infiltration basins were incorporated into the design to reduce the extent of the Hangar Flats dewatering cone, and to rapidly stabilize the Yellow Pine backfill groundwater level below the future rehabilitated reach of the EFSFSR.
- Second Hangar Flats Ramp – A second ramp was included in the Hangar Flats pit design to eliminate the need for a haul road around the south side of the pit
- Blowout Creek Restoration – To improvide fish habitat during the operational period of the Project, restoration of Blowout Creek was brought forward to the pre-construction period.
- Stockpiles – Growth media, compost, and low-grade ore stockpiles were incorporated into the Project design.

- Site Landfill – The PFS assumed that all solid waste generated on-site would be hauled offsite. An onsite landfill was incorporated into the design to improve Project logistics.

Additional technical studies completed during 2015, with the intent of optimizing the Project, that resulted in no change to the PFS plan are as follows:

- Additional concurrent backfilling of the Yellow Pine open pit was assessed to reduce waste rock haulage distances; however, no additional concurrent backfilling was considered feasible.
- Consideration was given to relocating the gold refinery to an offsite location to reduce the number of staff at site, but the incremental materials transport costs and staffing costs were deemed unjustified.
- Appreciable laboratory and economic studies were completed on refining of the antimony (contained in the mineral stibnite) concentrates; however, the incremental capital and operating costs, in additional to the technical risks, made this approach unattractive at this time.
- A trade-off study was completed analyzing alternatives for public access from the town of Yellow Pine to Monumental Summit. The results of the study confirmed that the PFS strategy of routing vehicles via the Burntlog road is preferred.
- Evaluated the potential of upgrading the gold concentrate so it could be shipped and processed at an off-site facility result in a lower project CAPEX. The metallurgy showed that grades of 40-55 g/t were fairly easily achieved. It is anticipated that with a focused program there would be improvements in grade and recovery suggesting that this could be a viable and profitable option; however, project economics still strongly support onsite processing.

**Stibnite Gold Project 2015 Environmental and Permitting Related Activities**

During 2015 baseline environmental data collection and report preparation continued to support the Project. Specific aspects of data collection included:

- Air quality and meteorological monitoring;
- Cultural studies;
- Hydrologic modeling;
- Fisheries and aquatics monitoring;
- Geochemical testing and analysis;
- Soils and geology mapping;
- Socioeconomic review and updates;
- Transporation and traffic monitoring;
- Water rights updates;
- Water quality monitoring and analysis for both surface and ground water; and
- Wetlands mapping and analysis including wetlands and stream channel functional assessment and evaluation.

To support potential future permitting of the Project, a draft conceptual Plan of Operations (**PoO**) has been prepared based upon the PFS and subsequent engineering and design studies and activities. The PoO is under internal review and will continue to be updated in anticipation of future permitting for the Project. Additional planning for the Project permitting includes advancing the preliminary work to support a future National Pollutant Discharge Elimination System permit (**NPDES**), Wetlands Jurisdictional Determinations (**JD**) for the Project area, and a data adequacy determination for baseline air quality monitoring from the Idaho Department of Environmental Quality air program.

In December 2015, the Payette National Forest issued the Finding of No Significant Impact (**FONSI**) and Decision Notice (**DN**) for the Golden Meadows Exploration Project. The final PoO for that Project was signed in January 2016 and the Bond for the Project was posted with the Forest Service in February 2016. These activities are the final actions needed for the Exploration Plan and the activites included in the PoO are now fully permitted.

**RISKS AND UNCERTAINTIES**

Midas Gold is subject to a number of significant risks due to the nature of its business and the present stage of its business development. Only those persons who can bear risk of the entire loss of their investment should invest in the Corporation's common shares.

Midas Gold's failure to successfully address such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its common shares may decline and investors may lose all or part of their investment. Midas Gold cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Estimates of mineral resources and mineral reserves are inherently forward-looking statements subject to error. Although mineral resource and mineral reserve estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include: geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

Below is a brief summary of some of Midas Gold's risks and uncertainties. These risk factors are not a definitive list of all risk factors associated with an investment in the common shares of Midas Gold or in connection with the Corporation's operations. The following summary should be read in conjunction with the Corporation's Annual Information Form for the year ended December 31, 2014 available under the Corporation's profile on SEDAR at www.sedar.com.

**Industry Risks**

***Metal prices have fluctuated widely in the past and are expected to continue to do so in the future, which may adversely affect the amount of revenues derived from production of mineral reserves.***
The commercial feasibility of the Project and Midas Gold's ability to arrange funding to conduct its planned exploration projects is dependent on, among other things, the price of gold and other potential by-products. Depending on the price to be received for any minerals produced, Midas Gold may determine that it is impractical to commence or continue commercial production. A reduction in the price of gold or other potential by-products may prevent the Project from being economically mined or result in the write-off of assets whose value is impaired as a result of low precious metals prices.

Future revenues, if any, are expected to be in large part derived from the future mining and sale of gold and other potential by-products or interests related thereto. The prices of these commodities fluctuate and are affected by numerous factors beyond Midas Gold's control, including, among others:

- international economic and political conditions,
- expectations of inflation or deflation,
- international currency exchange rates,
- interest rates,

- global or regional consumptive patterns,
- speculative activities,
- levels of supply and demand,
- increased production due to new mine developments,
- decreased production due to mine closures,
- improved mining and production methods,
- availability and costs of metal substitutes,
- metal stock levels maintained by producers and others, and
- inventory carrying costs.

The effect of these factors on the price of gold and other potential by-products cannot be accurately predicted. If the price of gold and other potential by-products decreases, the value of Midas Gold's assets would be materially and adversely affected, thereby materially and adversely impacting the value and price of Midas Gold's common shares.

***Global financial markets can have a profound impact on the global economy, in general and on the mining industry in particular.***

Many industries, including the precious metal mining industry, are impacted by global market conditions. Some of the key impacts of financial market turmoil can include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global and specifically mining equity markets, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, lack of future financing, changes in interest rates and tax rates may adversely affect Midas Gold's growth and profitability potential.

Specifically:

- a global credit/liquidity crisis could impact the cost and availability of financing and Midas Gold's overall liquidity;
- the volatility of gold and other potential by-product prices may impact Midas Gold's future revenues, profits and cash flow;
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs; and
- the devaluation and volatility of global stock markets impacts the valuation of the Corporation's equity securities, which may impact its ability to raise funds through the issuance of equity.

***Mineral exploration and development in the Western United States is subject to numerous regulatory requirements on land use.***

Mineral exploration and development in the western United States is subject to Federal, State and local regulatory processes and evolving application of environmental and other regulations can and has affected the ability to advance mineral projects as effectively as in prior years. A number of mineral projects in the western United States have been subjected to regulatory delays or actions that have impeded the progress of these projects towards production.

***Resource exploration and development is a high risk, speculative business.***

Resource exploration and development is a speculative business, characterized by a high number of failures. Substantial expenditures are required to discover new deposits and to develop the infrastructure, mining and processing facilities at any site chosen for mining. Most exploration projects

do not result in the discovery of commercially viable deposits and no assurance can be given that any particular level of recovery or mineral reserves will in fact be realized by Midas Gold or that any mineral deposit identified by Midas Gold will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited.

***Mineral exploration and development is subject to numerous industry operating hazards and risks, many of which are beyond Midas Gold's control and any one of which may have an adverse effect on its financial condition and operations.***

The Project and any future operations in which Midas Gold has a direct or indirect interest will be subject to all the hazards and risks normally incidental to resource companies. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the conduct of exploration programs and the operation of mines. If any of these events were to occur, they could cause injury or loss of life, severe damage to or destruction of property. As a result, Midas Gold could be the subject of a regulatory investigation, potentially leading to penalties and suspension of operations. In addition, Midas Gold may have to make expensive repairs and could be subject to legal liability. The occurrence of any of these operating risks and hazards may have an adverse effect on Midas Gold's financial condition and operations, and correspondingly on the value and price of Midas Gold's common shares.

***Mineral exploration and development activities are subject to geologic uncertainty and inherent variability.***

There is inherent variability between duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. There may also be unknown geologic details that have not been identified or correctly appreciated at the current level of delineation. This results in uncertainties that cannot be reasonably eliminated from the estimation process. Some of the resulting variances can have a positive effect and others can have a negative effect on mining and processing operations.

***The quantification of mineral resources and mineral reserves is based on estimates and is subject to great uncertainty.***

The calculations of amounts of mineralized material within mineral resources and mineral reserves are estimates only. Actual recoveries of gold and other potential by-products from mineral resources and mineral reserves may be lower than those indicated by test work. Any material change in the quantity of mineralization, grade, tonnage, or stripping ratio, or the price of gold and other potential by-products may affect the economic viability of a mineral property. In addition, there can be no assurance that the recoveries of gold and other potential by-products in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Notwithstanding the results of any pilot plant tests for metallurgy and other factors, there remains the possibility that the ore may not react in commercial production in the same manner as it did in testing.

Mining and metallurgy are an inexact science and, accordingly, there always remains an element of risk that a mine may not prove to be commercially viable. Until a deposit is actually mined and processed, the quantity of mineral reserves, mineral resources and grades must be considered as estimates only. In addition, the determination and valuation of mineral reserves and mineral resources is based on, among other things, assumed metal prices. Market fluctuations and metal prices may render mineral resources and mineral reserves uneconomic. Any material change in quantity of mineral reserves, mineral resources, grade, tonnage, percent extraction of those mineral reserves recoverable by underground mining techniques or stripping ratio for those mineral reserves recoverable by open pit mining techniques may affect the economic viability of a mining project.

***Increased operating and capital costs may adversely affect the viability of existing and proposed mining projects.***

The mining industry has at times been subjected to conditions that have resulted in significant increases in the cost of equipment, labour and materials. The Corporation uses benchmarked data for the operation and capital costs included in its PFS issued December 15, 2014, however there is no guarantee that development or operations of the Project will eventuate, and if it did, such operating or capital costs will prevail.

**The Corporation's Risks**

***Midas Gold will need to raise additional capital though the sale of its securities or other interests, resulting in dilution to the existing shareholders and, if such funding is not available, Midas Gold's operations would be adversely effected.***

Midas Gold does not generate any revenues and does not have sufficient financial resources to undertake by itself all of its planned exploration programs. Midas Gold has limited financial resources and has financed its operations primarily through the sale of Midas Gold's securities such as common shares. Midas Gold will need to continue its reliance on the sale of its securities for future financing, resulting in dilution to existing shareholders. Further exploration programs will depend on Midas Gold's ability to obtain additional financing, which may not be available under favourable terms, if at all. If adequate financing is not available, Midas Gold may not be able to commence or continue with its exploration programs.

***Future sales of Midas Gold's common shares into the public market by holders of Midas Gold options and warrants may lower the market price, which may result in losses to Midas Gold's shareholders.***

Sales of substantial amounts of Midas Gold's common shares into the public market by unrelated shareholders, Midas Gold's officers or directors or pursuant to the exercise of options or warrants, or even the perception by the market that such sales may occur, may lower the market price of the Corporation's common shares.

***Midas Gold is subject to numerous government regulations which could cause delays in carrying out its operations, and increase costs related to its business.***

Midas Gold's mineral exploration and development activities are subject to various laws and regulations governing operations, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing operations, or more stringent implementation thereof could substantially increase the costs associated with Midas Gold's business or prevent it from exploring or developing its properties.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Midas Gold and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

***Midas Gold's current and future permits to conduct activities at the Stibnite Gold Project could be challenged during regulatory processes or in the courts by third parties and such challenges may delay***

***or prevent the Corporation from meeting its objectives.***
*Third parties commonly challenge permits related to exploration and mining projects and there is possibility that such parties may challenge Midas Gold's permits for its activities.*

***Midas Gold has not completed an environmental impact statement, nor has it received the necessary permits for water or explosives to conduct mining operations.***
The department responsible for environmental protection in the U.S. has broad authority to shut down and/or levy fines against facilities that do not comply with environmental regulations or standards. Failure to obtain the necessary permits would adversely affect progress of Midas Gold's operations and would delay or prevent the beginning of commercial operations.

***Midas Gold's activities are subject to environmental liability.***
Midas Gold is not aware of any claims for damages related to any impact that its operations have had on the environment but it may become subject to such claims in the future. An environmental claim could adversely affect Midas Gold's business due to the high costs of defending against such claims and its impact on senior management's time. Also, environmental regulations may change in the future which could adversely affect Midas Gold's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations would become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

***Midas Gold faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources and Midas Gold may not be able to effectively compete.***
The mineral resource industry is intensively competitive in all of its phases, and Midas Gold competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped gold properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect Midas Gold's ability to acquire suitable prospects for exploration in the future.

***Midas Gold's exploration efforts may be unsuccessful.***
Mineral resource exploration and, if warranted, development, is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in volume and/or grade to return a profit from production. There is no certainty that the expenditures that have been made and may be made in the future by Midas Gold related to the exploration of its properties will result in discoveries of mineralized material in commercial quantities.

Most exploration projects do not result in the discovery of commercially viable mineral deposits and no assurance can be given that any particular level of recovery or mineral reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially viable deposit which can be legally and economically exploited.

***Midas Gold's mineral resource and mineral reserve estimates may not be indicative of the actual gold that can be mined.***
Assays results from core drilling or reverse circulation drilling can be subject to errors at the laboratory

analyzing the drill samples. In addition, reverse circulation or core drilling may lead to samples which may not be representative of the gold or other metals in the entire deposit. Mineral resource and mineral reserve estimates are based on interpretation of available facts and extrapolation or interpolation of data and may not be representative of the actual deposit. All of these factors may lead to mineral resource and/or mineral reserve estimates being overstated, the mineable gold that can be received from the project being less than the mineral resource and mineral reserve estimates, and the Project not being a viable project.

If Midas Gold's mineral resource and mineral reserve estimates for the Project are not indicative of actual recoveries of gold and other potential by-products, Midas Gold will have to continue to explore for a viable deposit or cease operations.

***Midas Gold has a limited history as an exploration company and does not have any experience in putting a mining project into production.***

Midas Gold has only been actively engaged in exploration since 2009. Midas Gold does not generate any revenues from operations or production. Putting a mining project into production requires substantial planning and expenditures and whilst several members of the management and the board of directors have mine construction experience, as a corporation, Midas Gold does not have any experience in taking a mining project to production. As a result of these factors, it is difficult to evaluate Midas Gold's prospects, and its future success is more uncertain than if it had a longer or more proven history.

***Midas Gold expects to continue to incur losses and may never achieve profitability, which in turn may harm the future operating performance and may cause the market price of Midas Gold's common shares to decline.***

Midas Gold has incurred net losses every year since inception. Midas Gold currently has no commercial production and has never recorded any revenues from mining operations. Midas Gold expects to continue to incur losses, and will continue to do so until such time, if ever, as its properties commence commercial production and generate sufficient revenues to fund continuing operations.

The development of new mining operations will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as Midas Gold adds, as needed, consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Project or any other properties. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture or other agreements with others in the future, its acquisition of additional properties, and other factors, many of which are unknown today and may be beyond the Corporation's control. Midas Gold may never generate any revenues or achieve profitability. If Midas Gold does not achieve profitability, it will have to raise additional financing or shut down its operations.

***Midas Gold's title to its mineral properties and its validity may be disputed in the future by others claiming title to all or part of such properties.***

Midas Gold's properties consist of various mining concessions in the U.S. Under U.S. law, the concessions may be subject to prior unregistered agreements or transfers, which may affect the validity of Midas Gold's ownership of such concessions. A claim by a third party asserting prior unregistered agreements or transfer on any of Midas Gold's mineral properties, especially where commercially viable mineral reserves have been located, could adversely result in Midas Gold losing commercially viable mineral reserves. Even if a claim is unsuccessful, it may potentially affect Midas Gold's current operations due to the high costs of defending against such claims and its impact on senior management's time. If Midas Gold loses a commercially viable mineral reserve, such a loss could lower

Midas Gold's revenues or cause it to cease operations if this mineral reserve represented all or a significant portion of Midas Gold's operations at the time of the loss.

***Midas Gold's ability to explore and, if warranted, exploit its mineral claims may be impacted by litigation or consent decrees entered into or proposed to be entered into by previous owners of mineral rights that now comprise the Project, related to disturbance related to past mining and exploration activities.***

Several of the patented lode and mill site claims acquired by Midas Gold in the West End Deposit and the Cinnabar claim groups held under option are subject to a consent decree, which covers certain environmental liability and remediation responsibilities with respect to such claims. The consent decree requires that heirs, successors and assigns refrain from activities that would interfere with or adversely affect the integrity of any remedial measures implemented by government agencies. Several of the patented claims in the Hangar Flats and Yellow Pine properties are subject to a consent decree between the owner of those claims and the United States, which creates certain obligations on that owner, including that that owner will cooperate with the U.S. Environmental Protection Agency and U.S. Forest Service in those agencies' efforts to secure any government controls necessary to implement response activities.

All industries, including mining, are subject to legal claims with or without merit. Defense and settlement costs can be substantial, even with respect to claims without merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular claim could have an effect on the Corporation's financial position. It is possible that any proposal to develop a mine on the Project, or any governmental approval for such a development, could be challenged in court by third parties, the effect of which would be to delay and possibly entirely impede the Corporation from developing the Project or commencing production.

***Midas Gold depends on key personnel for critical management decisions and industry contacts but does not maintain key person insurance.***

Midas Gold is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of Midas Gold. Midas Gold's success is dependent to a great degree on its ability to attract and retain highly qualified management personnel. The loss of any such key personnel, through incapacity or otherwise, would require Midas Gold to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. Midas Gold does not maintain key person insurance in the event of a loss of any such key personnel.

***Midas Gold does not have a full staff of technical people and relies upon outside consultants to provide critical services.***

Midas Gold has a relatively small staff and depends upon its ability to hire consultants with the appropriate background and expertise as such persons are required to carry out specific tasks. Midas Gold's inability to hire the appropriate consultants at the appropriate time could adversely impact Midas Gold's ability to advance its exploration activities.

***Certain Midas Gold directors also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.***

Certain Midas Gold directors and officers are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Directors and officers of the Corporation with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

***Midas Gold has no history of paying dividends, does not expect to pay dividends in the immediate future and may never pay dividends.***

Since incorporation, neither Midas Gold nor any of its subsidiaries have paid any cash or other dividends on its common shares, and the Corporation does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs.

***Midas Gold's business involves risks for which Midas Gold may not be adequately insured, if it is insured at all.***

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including landslides, ground failures, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks. Midas Gold does not currently have insurance against all such risks and may decide not to take out insurance against all such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Midas Gold.

Additionally, the Corporation is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products by third-parties occurring as part of historic exploration and production) has not been generally available to companies within the industry. The Corporation periodically evaluates the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Corporation becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Corporation has to pay such liabilities and result in bankruptcy. Should the Corporation be unable to fund fully the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

***A shortage of supplies and equipment could adversely affect Midas Gold's ability to operate its business.***

Midas Gold is dependent on various supplies and equipment to carry out its operations. The shortage of such supplies, equipment and parts could have a material adverse effect on Midas Gold's ability to carry out its operations and therefore have a material adverse effect on the cost of doing business.

***A cyber security incident could adversely affect Midas Gold's ability to operate its business.***

Information systems and other technologies, including those related to the Corporation's financial and operational management, are an integral part of the Corporation's business activities. Network and information systems related events, such as computer hacking, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, or other malicious activities or any combination of the foregoing or power outages, natural disasters, terrorist attacks, or other similar events could result in damages to the Corporation's property, equipment and data. These events also could result in significant expenditures to repair or replace damaged property or information systems and/or to protect them from similar events in the future. Furthermore any security breaches such as misappropriation, misuse, leakage, falsification, accidental release or loss of information contained in the Corporation's information technology systems including personnel and other data that could damage its reputation and require the Corporation to expend significant capital and other resources to remedy any such security breach. Insurance held by the Corporation may mitigate losses however in any such events or security breaches may not be sufficient to cover any consequent losses or otherwise adequately compensate the Corporation for any disruptions to its business that may result and the occurrence of any such events or security breaches could have a

material adverse effect on the business of the Corporation. There can be no assurance that these events and/or security breaches will not occur in the future or not have an adverse effect of the business of the Corporation.

## DIVIDENDS AND DISTRIBUTIONS

The Corporation has not paid any dividends or distributions on its common shares since its incorporation. Any decision to pay dividends on common shares in the future will be made by the board of directors on the basis of the earnings, financial requirements and other conditions existing at such time.

## DESCRIPTION OF CAPITAL STRUCTURE

### Authorized Capital

The authorized capital of the Corporation consists of an unlimited number of common shares without par value, an unlimited number of first preferred shares without par value, and an unlimited number of second preferred shares without par value.

### Common Shares

There are 160,829,280 common shares issued and outstanding as at the date of this AIF. There are no special rights or restrictions of any nature attached to any of the common shares, which all rank equally as to all benefits which might accrue to the holders of common shares. All registered shareholders are entitled to receive a notice of any general meeting of the shareholders to be convened by the Corporation. At any general meeting, subject to the restrictions on joint registered owners of common shares, on a show of hands every shareholder who is present in person and entitled to vote has one vote and on a poll, every shareholder has one vote for each common share of which he, she or it is the registered owner and may exercise such vote either in person or by proxy.

### Preferred Shares

No first preferred shares or second preferred shares are issued and outstanding as of the date of this AIF.

The first preferred shares have certain privileges, restrictions and conditions. The first preferred shares may be issued in one or more series and the board of directors (the "**Board**") may from time to time fix the number and designation and create special rights and restrictions. First preferred shares would rank on a parity with first preferred shares of any other series (if any) and be entitled to priority over the second preferred shares, common shares, and the shares of any other class ranking junior to the first preferred shares with respect to the payment of dividends and the distribution of assets on a liquidation, dissolution or winding up of the Corporation. Holders of first preferred shares shall be entitled to receive notice of and to attend all annual and special meetings of shareholders of the Corporation, except for meetings at which any holders or a specified class or series are entitled to vote, and to one vote in respect of each first preferred share held at all such meetings.

The second preferred shares have certain privileges, restrictions and conditions. Second preferred shares may be issued in one or more series and the directors may from time to time fix the number and designation and create special rights and restrictions. Second preferred shares would rank on a parity with second preferred shares of any other series (if any) and be entitled to priority over the common

shares and the shares of any other class ranking junior to the second preferred shares with respect to the payment of dividends and the distribution of assets on a liquidation, dissolution or winding up of the Corporation. Holders of second preferred shares shall be given notice of and be invited to attend meetings of the voting Shareholders of the Corporation, but shall not be entitled as such to vote at any general meeting of shareholders of the Corporation.

## MARKET FOR SECURITIES

### Trading Price and Volume

The following table sets out information relating to the monthly trading of the common shares of the Corporation on the TSX (under symbol "MAX") for the months indicated:

| Period | High | Low | Volume |
|---|---|---|---|
| **2015** | | | |
| January | $0.60 | $0.43 | 2,798,821 |
| February | $0.55 | $0.48 | 1,430,750 |
| March | $0.49 | $0.375 | 2,254,028 |
| April | $0.47 | $0.41 | 1,602,169 |
| May | $0.46 | $0.41 | 2,968,358 |
| June | $0.42 | $0.34 | 1,274,848 |
| July | $0.41 | $0.31 | 1,425,715 |
| August | $0.41 | $0.32 | 1,526,729 |
| September | $0.41 | $0.30 | 1,872,314 |
| October | $0.32 | $0.265 | 2,744,490 |
| November | $0.31 | $0.265 | 1,200,755 |
| December | $0.34 | $0.26 | 2,227,398 |

Source: TSX InfoSuite

### Prior Sales

The following table summarizes the securities of the Corporation that are outstanding but not listed or quoted on a marketplace that have been issued by the Corporation during the most recently completed financial year:

| Date of Issue | Type of Securities | Number of Securities | Issue or Exercise Price per Security | Cash Proceeds | Reason for Issue |
|---|---|---|---|---|---|
| January 6, 2015 | stock options | 2,618,000 | $0.46 | nil | Grant of stock options |
| May 20, 2015 | warrants | 9,562,095 | $0.60 | nil | Private Placement [(1)] |
| May 25, 2015 | stock options | 400,000 | $0.42 | nil | Grant of stock options |

(1) The Private Placement closed on May 20, 2015. Each unit was comprised of one common share and one-half of one common share purchase warrant (the "Units"). Each Warrant entitles the holder to acquire one additional common share of Midas Gold at a price of C$0.60 per warrant share for two years from the date of closing.

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The name, province or state and country of residence and position with the Corporation of each director and executive officer of the Corporation, the principal business or occupation in which each director and executive officer of the Corporation has been engaged during the immediately preceding five years, the period during which each director has served as director and the number and percentage of the voting securities beneficially owned, or controlled or directed, directly or indirectly, by each director and executive officer as at the date of this AIF is set out in the table below. Each director's term of office will expire at the next annual general meeting of the Corporation unless earlier due to resignation, removal or death of the director. The term of office of the officers expires at the discretion of the Corporation's directors.

| Name, Province/State and Country of Residence | Position with the Corporation | Principal Occupation During the Past Five Years | Period as Director and/or Officer | Number and Percentage of Common Shares Held[(1)] |
|---|---|---|---|---|
| Stephen P. Quin<br>British Columbia, Canada | President, CEO and Director [(4)] | President, CEO & Director of the Corporation since inception, and same for MGI since January 1, 2011. Prior to that, President of Capstone Mining Corp. from November 22, 2008 until December 2010 and, prior to that President and CEO of Sherwood Copper Corp. from September 1, 2005 until November 2008. | Director and Officer since February 22, 2011 | 1,622,200<br>1.01% |
| Donald Young<br>British Columbia, Canada | Director [(2) (5)] | Director of Dundee Precious Metals Inc. since May 2010; Director of OSI Geospatial Inc. from March 2006 until January 2010; director of BC Safety Authority, April 2009 to March 2012; director of Kimber Resources Inc. February 2008 to April 2013; Director of Arizona Mining Inc. from June 2013 to Augst 2014. | Director since April 1, 2011 | 27,000<br>0.02% |
| Peter Nixon<br>Ontario, Canada | Director and Chairman [(2) (3)] | Director of Dundee Precious Metals Inc. since June 2002; director of Kimber Resources Inc. March 2007 – April 2013; director of Miramar Mining Corporation from June 2002 until December 2007 when the company was acquired by Newmont Mining Corporation; director of Reunion Gold Corp. since March 2004 and director of Stornoway Diamond Corporation since March 2003. | Director since April 1, 2011 | 73,000<br>0.45% |
| Wayne Hubert<br>Utah, USA | Director [(2) (3)] | Previously, CEO of Andean Resources from September 2006 until December 2010, when Andean was acquired by Goldcorp Inc. Prior to this, VP of Business | Director since April 1, 2011 | 153,000<br>0.10% |

| Name, Province/State and Country of Residence | Position with the Corporation | Principal Occupation During the Past Five Years | Period as Director and/or Officer | Number and Percentage of Common Shares Held[(1)] |
|---|---|---|---|---|
| | | Development and Investor Relations for Meridian Gold Inc. from September 1998 until September 2006. | | |
| John Wakeford<br>British Columbia, Canada | Director [(4) (5)] | Strategic Technical Consultant of Sabina Gold & Silver Corp, from January 1, 2012 to June 2012. Prior to this, Senior Vice President, Corporate Development of Sabina Gold & Silver Corp. from August 2008 to January 2012. Prior to this, Vice President, Exploration of Miramar Mining Corp. from September 2003 to December 2007 and Consultant to Newmont Mining Corporation from January 2008 to April 2008. | Director since April 11, 2011 | 47,500<br>0.03% |
| Keith Allred<br>Idaho, USA | Director [(3) (4)] | Partner at Cicero Group from 2012 to present. Founder and director of The Common Interest from 2005 to present; founder of Common Sense PAC in 2014; 2010 Democratic candidate for Governor of Idaho. Founder and facilitator of the Upper Blackfoot Confluence, a conservation partnership of three phosphate mining companies and two conservation groups. Professor at Harvard's Kennedy School of Government from 1998 to 2005 and at Columbia from 1995 to 1998. Also taught an executive program at Oxford's Said School of Business from 2003 to 2005. | Director since November 12, 2014 | 28,57<br>0.02% |
| Laurel Sayer<br>Idaho, USA | Director [(4) (5)] | Executive Director of Idaho Coalition of Land Trusts from 2013 to present and a Director of Idaho Non-profit Center from 2012 to present. Prior to this, the director of natural resource issues and policy for Congressman Mike Simpson (Idaho) from 1999 to 2013. Served on Greater Idaho Falls Chamber of Commerce from 2003 to 2009; appointed by Governor C.L. "Butch" Otter to the Idaho Commission on the Arts and served as vice-chair from 1999 to 2014; also served as chair and vice-chair of the Idaho Falls Arts Council from 1999 to 2012. | Director since November 12, 2014 | 0<br>0% |

| Name, Province/State and Country of Residence | Position with the Corporation | Principal Occupation During the Past Five Years | Period as Director and/or Officer | Number and Percentage of Common Shares Held[(1)] |
|---|---|---|---|---|
| Darren Morgans<br>British Columbia, Canada | Chief Financial Officer | CFO of the Corporation since April 2011; prior to that, Corporate Secretary and Controller for Terrane Metals Corp. from July 2006 until March 2011. | Officer since April 13, 2011 | 25,000<br>0.02% |
| Robert Barnes<br>South Dakota, USA | Chief Operating Officer | COO of the Corporation from January 1, 2013 to present; Vice President, Development of the Corporation from September 1, 2011 to December 31, 2011; prior to that, VP Operations, Capstone Mining Corp. June 2005 to April 2011. | Officer since September 1, 2011 | 27,471<br>0.02% |
| Anne Labelle<br>British Columbia, Canada | Vice President, Legal & Sustainability | VP, Legal & Sustainability of the Corporation since June 6, 2011; Manager, Sustainability & Legal Affairs, Capstone Mining Corporation from May 2008 to April 2011; Lawyer, Gowling Lafleur Henderson LLP, from September 2006 to May, 2008. | Officer since June 6, 2011 | 170,000<br>0.11% |
| John Meyer<br>Eagle, ID, USA | Vice President, Development | VP Development of the Corporation from January 1, 2013 to present; Development Manager from January 1, 2012 to December 31, 2012; prior to that Project Manager of the Kinross Gold Corporation Fruta del Norte (FDN) project from 2007 to December 2011. | Officer since January 1, 2013 | 0<br>0% |
| Rocky Chase | Vice President, Environment and Permitting | VP Environment and Permitting from January 1, 2016 to present; Regulatory Affairs Manager from January 2013 to January 2016; Manager of Engineering from September 2012 to January 2013; prior to that North American Manager of Closure Properties for Barrick Gold from January 2004 to August 2012. | Officer since January 1, 2015 | 2,000<br>0.001% |

(1) All common shares are held directly unless otherwise indicated herein. Of Mr. Quin's total share holdings, 60,000 shares are held indirectly in his RRSP and 2,700 are held indirectly in his TFSA. All other common shares are held directly.
(2) Member of the Audit Committee.
(3) Member of the Corporate Governance and Nominating Committee.
(4) Member of the Environmental, Health and Safety Committee.
(5) Member of the Compensation Committee.

As of the date of this AIF, directors and executive officers of the Corporation, as a group, will beneficially own, or exercise control or direction, directly or indirectly, over an aggregate of 2,175,742 common shares representing 1.35% of the outstanding common shares of the Corporation.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Corporation, none of the Corporation's directors or executive officers is, as at the date of this AIF, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any corporation (including the Corporation) that:

(a) was subject to an Order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

"Order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant corporation access to any exemption under securities legislation and, in each case, that was in effect for a period of more than 30 consecutive days.

Except as set out below, none of the Corporation's directors or executive officers or, to the Corporation's knowledge, any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any corporation (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or

(c) has been subject to:

  (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

  (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Stephen Quin was a director of Mercator Minerals Ltd. ("**Mercator**") when it filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada) (the "**BIA**") on August 26, 2014. Mr. Quin ceased to be a director on September 4, 2014. Pursuant to section 50.4(8) of the BIA, Mercator was deemed to have filed an assignment in bankruptcy on September 5, 2014 as a result of allowing the ten-day period within which Mercator was required to submit a cash flow forecast to the Official Receiver to lapse.

**Conflicts of Interest**

The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation, its directors or officers as a result of their outside business interests, except that certain of the directors and officers serve as directors and/or officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. In accordance with the *Business Corporations Act* (British Columbia), such directors or officers will disclose all such conflicts and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

**AUDIT COMMITTEE INFORMATION**

**Audit Committee Mandate**

**A. PURPOSE**

The overall purpose of the Audit Committee (the "Committee") of Midas Gold Corp. (the "Corporation") is assist the board of directors (the "Board") of the Corporation in fulfilling its oversight responsibilities for:

1. the integrity, quality and transparency of the Corporation's financial statements;

2. the Corporation's internal control over financial reporting;

3. the Corporation's compliance with legal and regulatory requirements which relate to financial reporting;

4. the appointment (subject to shareholder ratification) of the Corporation's external auditor and approval of its compensation as well as responsibility for its independence, qualifications and performance of all audit and audit related work; and

5. such other duties as assigned to it from time to time by the Board.

The function of the Committee is oversight. The members of the Committee are not full-time employees of the Corporation. The Corporation's management is responsible for the preparation of the Corporation's financial statements in accordance with applicable accounting standards and applicable laws and regulations. The Corporation's external auditor is responsible for the audit and quarterly

review, when applicable, of the Corporation's financial statements in accordance with applicable auditing standards and laws and regulations.

In carrying out its oversight role, the Committee and the Board recognize that the Corporation's management is responsible for:

1. implementing and maintaining suitable internal controls and disclosure controls;

2. the preparation, presentation and integrity of the Corporation's financial statements; and,

3. the appropriateness of the accounting principles and reporting policies that are used by the Corporation.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Committee shall consist of at least three members of the Board. The Board will appoint members to the Committee and the Committee will elect a Committee Chair from among the Committee's membership.

2. The Board will ensure that the Chair of the Committee and its members are independent and financially literate, as defined in National Instrument 52-110 ("NI 52-110").

3. The Committee will meet at least four times a year. The Chair of the Committee has the authority to convene additional meetings, as circumstances warrant. The Committee will invite members of management, the auditor or others to attend meetings and provide pertinent information, as necessary. The Committee will hold private meetings with each of the external auditor, and senior management. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

4. No business shall be transacted by the Committee, except at a meeting where a majority of the members are present, either in person or by teleconference or video conference.

5. The Committee may:

   (a) engage outside legal, audit or other counsel and/or advisors at the Corporation's expense, without the prior approval of the directors of the Corporation;

   (b) set and pay the compensation of any advisors employed by the Committee;

   (c) review any corporate counsel's reports of evidence of a material violation of security laws or breaches of fiduciary duty;

   (d) seek any information it requires from employees – all of whom are directed to cooperate with the Committee's request – or external party; and

   (e) meet and/or communicate directly with the Corporation's officers, the external auditor or outside counsel, as necessary.

6. The Committee's business will be recorded in minutes of the Committee meetings, which shall be submitted to the Board. The Committee Secretary will normally be the Corporate Secretary.

## C. ROLES AND RESPONSIBILITIES

The Committee will carry out the following duties and responsibilities:

### 1. Financial Statements and Related Disclosure Documents

The duties and responsibilities of the Committee as they relate to the financial statements and related disclosure documents are to:

(a) review and discuss with management and the external auditor the interim and annual consolidated financial statements and the related disclosures contained in Management's Discussion and Analysis and recommend these documents to the Board for approval, prior to the public disclosure of this information by the Corporation. Such discussion shall include:

(i) the external auditor's judgment about the quality, not just the acceptability, of accounting principles applied by the Corporation;

(ii) the reasonableness of any significant judgments made;

(iii) the clarity and completeness of the financial statement disclosure;

(iv) any accounting adjustments that were noted or proposed by the external auditor but were not made (whether immaterial or otherwise); and

(v) any communication between the audit team and their national office relating to accounting or auditing issues encountered during their work.

(b) review and recommend approval to the Board of the following financial sections of:

(i) annual Report to shareholders;

(ii) Annual Information Form

(iii) prospectuses;

(iv) annual and interim press release disclosing financial results, when applicable; and,

(v) other financial reports requiring approval by the Board.

(c) review disclosures related to any insider and related party transactions.

### 2. Internal Controls

The duties and responsibilities of the Committee as they relate to internal and disclosure controls as well as financial risks of the Corporation are to:

(a) periodically review and assess with management and the external auditor the adequacy and effectiveness of the Corporation's systems of internal control over financial reporting and disclosure, including policies, procedures and systems to assess, monitor and manage

the Corporation's assets, liabilities and expenses. In addition, the Committee will review and discuss the appropriateness and timeliness of the disposition of any recommendations for improvements in internal control over financial reporting and disclosure procedures;

(b) obtain and review reports of the external auditor on significant findings and recommendations on the Corporation's internal controls, together with management's responses; and,

(c) periodically discuss with management, the Corporation's policies regarding financial risk assessment and financial risk management, including an annual review of insurance coverage. While it is the responsibility of management to assess and manage the Corporation's exposure to financial risk, the Committee will discuss and review guidelines and policies that govern the process. The discussion may include the Corporation's financial risk exposures and the steps management has taken to monitor and control such exposures, including hedging, foreign exchange, internal controls, and cash and short-term investments.

**3. External Auditor**

The duties and responsibilities of the Committee as they relate to the external auditor of the Corporation shall be to:

(a) receive reports directly from and oversee the external auditor;

(b) discuss with representatives of the external auditor the plans for their quarterly reviews, when applicable, and annual audit, including the adequacy of staff and their proposed fees and expenses. The Committee will have separate discussions with the external auditor, without management present, on:

(i) the results of their annual audit and applicable quarterly reviews;

(ii) any difficulties encountered in the course of their work, including restrictions on the scope of activities or access to information;

(iii) management's response to audit issues and, when applicable, quarterly review issues; and,

(iv) any disagreements with management.

(c) pre-approve all audit and allowable non-audit fees and services to be provided by the external auditor in accordance with securities laws and regulations. The Committee will pre-approve all audit and non-audit services to be provided by the external auditor in advance of work being started on such services. The Committee Chair may approve proposed audit and non-audit services between Committee meetings and will bring any such approvals to the attention of the Committee at its next meeting;

(d) recommend to the Board that it recommend to the shareholders of the Corporation the appointment and termination of the external auditor;

(e) receive reports in respect of quarterly reviews, when applicable, and audit work of the external auditor and, where applicable, oversee the resolution of any disagreements between management and the external auditor;

(f) ensure that at all times there are direct communication channels between the Committee and the external auditor of the Corporation to discuss and review specific issues, as appropriate;

(g) meet separately, on a regular basis, with management and the external auditor to discuss any issues or concerns warranting Committee attention. As part of this process, the Committee shall provide sufficient opportunity for the external auditor to meet privately with the Committee;

(h) at least annually, assess the external auditor's independence and receive a letter each year from the external auditor confirming its continued independence;

(i) allow the external auditor of the Corporation to attend and be heard at any meeting of the Committee;

(j) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the external auditor to ensure compliance with NI 52-110;

(k) at least annually, evaluate the external auditor's qualifications, performance and independence and report the results of such review to the Board; and

(l) At least every five years, conduct a more comprehensive review of the external auditor's performance and report the results of such review to the Board.

**4. Whistleblower**

The duties and responsibilities of the Committee as they relate to the Whistleblower Policy of the Corporation shall be to:

(a) establish and review procedures established with respect to employees and third parties for:

(i) the receipt, retention and treatment of complaints received by the Company, confidentially and anonymously, regarding accounting, financial reporting and disclosure controls and procedures, or auditing matters; and

(ii) dealing with the reporting, handling and taking of remedial action with respect to alleged violations of accounting, financial reporting and disclosure controls and procedures, or auditing matters, as well as certain other alleged illegal or unethical behaviour, in accordance with the Corporation's related policy and procedures.

**5. Compliance**

The duties and responsibilities of the Committee as they relate to the Corporation's Compliance are to:

(a) review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer regarding compliance with their certification obligations as required by the regulators;

(b) review the Corporation's Chief Executive Officer and Chief Financial Officer's quarterly and annual assessments of the design and operating effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting, respectively;

(c) review the findings of any examination by regulatory agencies, and any auditor observations; and,

(d) receive reports, if any, from management and corporate legal counsel of evidence of material violation of securities laws or breaches of fiduciary duty.

**6. Reporting Responsibilities**

It is the duty and responsibility of the Committee to:

(a) regularly report to the Board on Committee activities, issues and related recommendations; and,

(b) report annually to the shareholders, describing the Committee's composition, responsibilities and how they are discharged, and any other information required by legislation.

**7. Other Responsibilities**

Other responsibilities of the Committee are to:

(a) perform any other related activities as requested by the Board;

(b) review and assess the adequacy of the Committee mandate annually, requesting Board approval for proposed changes; and,

(c) institute and oversee special investigations, as needed.

**Composition of the Audit Committee**

The following individuals are the members of the Audit Committee:

| | | |
|---|---|---|
| Donald Young | Independent[(1)] | Financially literate[(1)] |
| Peter Nixon | Independent[(1)] | Financially literate[(1)] |
| Wayne Hubert | Independent[(1)] | Financially literate[(1)] |

(1) As defined by National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

**Audit Committee Member Education and Experience**

Donald Young, FCPA, FCA, is Chairman of the Committee. He was an audit partner with KPMG LLP for

twenty-six years until his retirement. He currently also serves as audit committee chair for Dundee Precious Metals Inc. In the past, he has served as chair of audit committees for other publicly listed mining companies and not for profit organizations. Mr. Young is a member of the Institute of Corporate Directors.

Wayne Hubert, BSc Chemical Engineering, University of Cape Town, South Africa 1980-85, MBA, Brigham Young University, USA 1988-90, was CEO of Andean Resources from 2006 to 2010 and was responsible for and supervised the preparation and review of Andean Resources' financial statements and reports during this period.

A graduate of McGill University, Mr. Nixon spent more than three decades in the investment industry specializing in the Natural Resources sectors, as part of the Research and Institutional Sales teams. A founding partner of Goepel Shields and Partner, he was President of the firm's subsidiary in the United States. He is a member of the Institute of Corporate Directors and has completed the Financial Literacy for Directors Program at the Rotman School of Business and currently sits on the audit committees of two other publicly traded mining companies

**Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

All non-audit services must be pre-approved by the Committee, or if a request is made between Committee meetings, the Committee Chair may pre-approve a request for non-audit services but the Chair must advise other Committee members of such pre-approval no later than the next regularly scheduled Committee meeting. In no event can the external auditor undertake non-audit services prohibited by legislation or professional standards.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditor, Deloitte LLP, Chartered Accountants, in the year ended December 31, 2015 and December 31, 2014 for audit service fees were as follows:

| Fiscal Period Ended | Audit Fees[(1)] | Audit Related Fees [(2)] | Tax Fees | All Other Fees |
|---|---|---|---|---|
| December 31, 2015 | $56,700 | $5,000 | Nil | Nil |
| December 31, 2014 | $73,100 | $8,200 | Nil | Nil |

[(1)] Audit Fees relate to the audit of the Corporation's annual Financial Statements and the review of the Corporation's interim Financial Statements.

[(2)] Audit Related Fees relate to services performed by the auditor in their review of documents that include or refer to their independent auditor's report.

**INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The directors, executive officers and principal shareholders of the Corporation or any associate or affiliate of the foregoing have had no material interest, direct or indirect, in any transactions in which the Corporation has participated within the three most recently completed financial periods prior to the date of this AIF or in the current financial year, and do not have any material interest in any proposed transaction, which has materially affected or is reasonably expected to materially affect the Corporation, except as set out elsewhere in this AIF and immediately below.

Certain directors and/or officers of the Corporation have subscribed for common shares of the Corporation pursuant to the public and private placement financings of the Corporation. In addition, certain directors and/or officers of the Corporation have been granted stock options under the Corporation's Stock Option Plan.

**TRANSFER AGENTS AND REGISTRARS**

The registrar and transfer agent for the common shares of the Corporation is Computershare Investor Services Inc. at its principal office located at 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9.

**MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Corporation since its incorporation:

1. Combination Agreement dated as of February 22, 2011 among Vista US, Idaho Gold, MGI and the Corporation;
2. Option agreement dated May 3, 2011 between MGI Acquisition Corporation and JJO, LLC;
3. Agency Agreement dated as of June 30, 2011 among the agents and the Corporation;
4. Underwriting Agreement dated as of February 14, 2012 among the underwriters and the Corporation;
5. Royalty agreement with Franco-Nevada dated as of May 9, 2013;
6. Share subscription agreement with Teck dated July 7, 2013; and,
7. Agency agreement dated April 29, 2015 among agents and the Corporation.

See "Three-year History and Significant Acquisitions of the Corporation and its Subsidiaries" for further details on each of the material contracts.

Copies of all material contracts or summaries thereof in Material Change Reports are available on SEDAR at www.sedar.com under the Corporation’s profile.

**INTERESTS OF EXPERTS**

**Names of Experts**

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the AIF as having prepared or certified a part of that document or a report of valuation described in the AIF:

1. Conrad E. Huss, P.E., Garth D. Kirkham, P.Geo., Christopher J. Martin, C.Eng., John M. Marek, P.E., Allen R. Anderson, P.E., Richard C. Kinder, P.E., Peter E. Kowalewski, P.E. are the

independent and "qualified persons" as defined in NI 43-101, are the authors responsible for the preparation of the PFS Technical Report; and,

2. The audited financial statements of the Corporation for the years ended December 31, 2015 and 2014 have been subject to audit by Deloitte LLP, Chartered Accountants.

**Interests of Experts**

Based on information provided by the relevant persons in item 1 above, to the knowledge of the Corporation none of such persons has held, or received or will receive, any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or of one of the Corporation's associates or affiliates (based on information provided to the Corporation by such experts) or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

Deloitte LLP, Chartered Accountants, as auditor of the Corporation, has confirmed they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com, as well as at the Corporation’s web site at www.midasgoldcorp.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular for its most recent annual general meeting of security holders that involved the election of directors.

Additional financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for its most recently completed financial year, being the year ended December 31, 2015.