MIDAS GOLD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(Expressed in US Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Midas Gold Corp. ("the Corporation" or "Midas Gold") for the three and nine months ended September 30, 2016 have been prepared by the management of the Corporation and approved by the Corporation's Audit Committee and the Corporation's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements for the three and nine months ended September 30, 2016.

Midas Gold Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
As at September 30, 2016, December 31, 2015 and January 1, 2015
(Expressed in US dollars)

	Notes	September 30, 2016	December 31, 2015	January 1, 2015
ASSETS			**(Note 3)**	**(Note 3)**
CURRENT ASSETS				
Cash and cash equivalents		$ 40,032,740	$ 4,502,325	$ 9,622,499
Trade and other receivables		6,901	5,676	7,029
Prepaid expenses		483,810	265,742	305,494
		$ 40,523,451	$ 4,773,743	$ 9,935,022
NON-CURRENT ASSETS				
Buildings and equipment		$ 1,259,369	$ 1,909,410	$ 2,985,208
Exploration and evaluation assets	5	70,145,109	69,886,755	69,501,156
Reclamation Bond		-	18,000	18,000
		$ 71,404,478	$ 71,814,165	$ 72,504,364
TOTAL ASSETS		$ 111,927,929	$ 76,587,908	$ 82,439,386
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables		$ 698,382	$ 561,144	$ 934,516
Current portion of note payable		-	-	194,177
Warrant derivative (i)	6	2,637,589	284,572	456,350
		$ 3,335,971	$ 845,716	$ 1,585,043
NON-CURRENT LIABILITIES				
Convertible notes	7	$ 19,278,795	-	-
Convertible note derivative (ii)	8	52,107,316	-	-
		$ 71,386,111	$ -	$ -
TOTAL LIABILITIES		$ 74,722,082	$ 845,716	$ 1,585,043
EQUITY				
Share capital	9	$ 223,701,969	$ 217,913,718	$ 212,649,668
Equity reserve	9	21,986,040	21,414,405	20,867,078
Deficit		(208,482,162)	(163,585,931)	(152,662,403)
TOTAL EQUITY		$ 37,205,847	$ 75,742,192	$ 80,854,343
TOTAL LIABILITIES AND EQUITY		$ 111,927,929	$ 76,587,908	$ 82,439,386

Footnotes:

(i) *The warrant derivative is valued at fair value in accordance with International Financial Reporting Standards ("IFRS"). There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants or options. See Note 6.*

(ii) *The convertible note derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes. See Note 8.*

Midas Gold Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
For the nine and three months ended September 30, 2016 and 2015
(Expressed in US dollars)

		Three Months Ended		Nine Months Ended	
	Notes	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
EXPENSES			(Note 3)		(Note 3)
Consulting		$ 4,909	$ 1,141	$ 8,280	$ 1,141
Depreciation		230,687	281,539	796,660	908,050
Directors' fees		24,486	37,643	81,036	153,247
Exploration and evaluation	10	2,342,938	2,347,091	5,468,026	6,416,780
Office and administrative		46,475	40,081	198,874	193,253
Professional fees		11,779	(2,791)	71,140	58,553
Salaries and benefits		150,556	126,408	554,071	537,697
Share based compensation		205,041	65,281	584,974	506,750
Shareholder and regulatory		74,711	55,678	222,924	261,427
Travel and related costs		25,437	23,076	85,826	110,891
OPERATING LOSS		$ 3,117,019	$ 2,975,147	$ 8,071,811	$ 9,147,789
OTHER (INCOME) EXPENSES					
Change in fair value of warrant derivative (i)	6	$ (62,055)	$ (458,001)	$ 3,227,891	$ (900,111)
Change in fair value of convertible note derivative (ii)	8	(1,439,431)	-	33,128,624	-
Finance costs	11	506,591	-	1,620,214	-
Foreign exchange loss (gain)		(1,045,629)	201,462	(1,102,816)	235,119
Interest (income) expense		(20,069)	156	(49,493)	(16,899)
Total other expenses		$ (2,060,593)	$ (256,383)	$ 36,824,420	$ (681,891)
NET LOSS AND COMPREHENSIVE LOSS		$ 1,056,426	$ 2,718,764	$ 44,896,231	$ 8,465,898
NET LOSS PER SHARE, BASIC AND DILUTED		$ 0.01	$ 0.02	$ 0.26	$ 0.06
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED	9	177,266,656	160,829,280	172,179,976	151,022,003

Footnotes:

(i) *The warrant derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants or options. See Note 6.*

(ii) *The convertible note derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes. See Note 8.*

Midas Gold Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2016 and 2015
(Expressed in US dollars except for number of shares)

	Note	Share Capital					
		Shares	Amount	Equity Reserve	Deficit	Total
BALANCE, January 1, 2015 (Note 3)		141,705,090	$ 212,649,668	$ 20,867,078	$ (152,662,403)	$ 80,854,343
Share based compensation	9	-	-	506,750	-	506,750
Shares issued in private placement		19,124,190	5,264,050	-	-	5,264,050
Net loss and comprehensive loss for the year		-	-	-	(8,465,898)	(8,465,898)
BALANCE, September 30, 2015 (Note 3)		160,829,280	$ 217,913,718	$ 21,373,828	$ (161,128,301)	$ 78,159,246

	Note	Share Capital				
		Shares	Amount	Equity Reserve	Deficit	Total
BALANCE, January 1, 2016		160,829,280	$ 217,913,718	$ 21,414,405	$ (163,585,931)	$ 75,742,192
Share based compensation	9	-	-	584,974	-	584,974
Shares issued in private placement net of issue costs	9	14,996,887	3,873,411	-	-	3,873,411
Exercise of options		100,000	38,780	(13,337)	-	25,443
Exercise of warrants		2,176,500	1,876,060	-	-	1,876,060
Net loss and comprehensive loss for the year		-	-	-	(44,896,231)	(44,896,231)
BALANCE, September 30, 2016		178,102,667	$ 223,701,969	$ 21,986,042	$ (208,482,162)	$ 37,205,849

See accompanying notes to condensed consolidated interim financial statements

Midas Gold Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the nine and three months ended September 30, 2016 and 2015
(Expressed in US dollars)

	Notes	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
OPERATING ACTIVITIES:			(Note 3)		(Note 3)
Net loss		$ (1,056,426)	$ (2,718,764)	$ (44,896,231)	$ (8,465,898)
Adjustments for:					
Share based compensation		205,040	65,281	584,974	506,750
Depreciation		230,687	281,539	796,660	908,050
Finance costs	7	507,325	-	1,620,214	-
(Gain) Loss on disposal of buildings and equipment		(2,500)	-	4,752	-
Change in fair value of warrant derivative (i)	6	(62,055)	(458,001)	3,227,891	(900,111)
Change in fair value of convertible note derivative (ii)	8	(1,439,431)	-	33,128,624	-
Unrealized foreign exchange loss		(1,052,970)	72,253	(943,868)	225,379
Interest income		(20,069)	156	(49,493)	(16,899)
Changes in:					
Trade and other receivables		4,364	4,834	16,775	771
Prepaid expenses		(26,975)	25,451	(218,068)	25,726
Trade and other payables		197,461	(198,223)	47,216	(528,124)
Net cash used in operating activities		$ (2,515,549)	$ (2,925,474)	$ (6,680,554)	$ (8,244,356)
INVESTING ACTIVITIES:					
Investment in exploration and evaluation assets		$ (243,174)	$ -	$ (258,354)	$ -
Sale / (Purchase) of buildings and equipment		(161,730)	(38,163)	(151,371)	(102,948)
Interest received (paid)		20,069	(156)	49,493	16,899
Net cash (used) provided in investing activities		$ (384,835)	$ (38,319)	$ (360,232)	$ (86,049)
FINANCING ACTIVITIES:					
Proceeds from issuance of common shares	9	$ 840,858	$ -	$ 5,020,398	$ 6,577,524
Proceeds from issuance of Convertible Notes	7	-	-	38,508,431	-
Payment of transaction costs on issuance of common shares and Convertible Notes		-	-	(913,513)	(550,681)
Payment of note payable		-	-	-	(194,177)
Net cash (used) provided by financing activities		$ 840,858	$ -	$ 42,615,316	$ 5,832,666
Effect of foreign exchange on cash and cash equivalents		(66,889)	(72,253)	(44,115)	(225,379)
Net (decrease) increase in cash and cash equivalents		(2,126,415)	(3,036,046)	35,530,415	(2,723,118)
Cash and cash equivalents, beginning of period		42,159,155	9,935,427	4,502,325	9,622,499
Cash and cash equivalents, end of period		$ 40,032,740	$ 6,899,381	$ 40,032,740	$ 6,899,381
Cash		$ 1,640,155	$ 573,551	$ 1,640,155	$ 573,551
Investment savings		26,462,575	3,268,035	26,462,575	3,268,035
GIC and term deposits		11,930,010	3,057,794	11,930,010	3,057,794
Total cash and cash equivalents		$ 40,032,740	$ 6,899,380	$ 40,032,740	$ 6,899,380
Supplemental Cash Flows Information					
Share Based Payments included in Share Issuance Costs		$ -	$ -	$ 96,275	$ -

(i) *The warrant derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants or options. See Note 6.*

(ii) *The convertible note derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes. See Note 8.*

See accompanying notes to condensed consolidated interim financial statements

1. Nature of Operations

Midas Gold Corp. ("the Corporation" or "Midas Gold") was incorporated on February 22, 2011 under the Business Corporations Act of British Columbia. The Corporation was organized to locate, acquire, develop and restore mineral properties located principally in the Stibnite – Yellow Pine mining district in Valley County, Idaho. The Corporation's principal asset is the Stibnite Gold Project ("Stibnite Gold Project" or the "Project"). The Corporation currently operates in one segment, mineral exploration in the United States. The corporate office of Midas Gold is located at 890-999 West Hastings Street, Vancouver, BC, V6C 2W2, Canada.

2. Basis of Preparation

a. *Statement of Compliance*

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34"), using accounting policies that are consistent with IFRS.

b. *Basis of Presentation*

These condensed consolidated interim financial statements have been prepared on the historic cost basis except for certain financial instruments, which are measured at fair value.

The preparation of these condensed consolidated interim financial statements is based on the accounting policies consistent with those applied to the consolidated financial statements of Midas Gold for the year ended December 31, 2015, except for a change in the accounting policy on Exploration & Evaluation Assets as described in Note 3.

These condensed consolidated interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the consolidated financial statements of Midas Gold for the year ended December 31, 2015.

These condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2016 and 2015 were approved and authorized for issue by the board of directors on November 10, 2016.

(Expressed in US dollars)

3. Change in Accounting Policy

Effective January 1, 2016, the Corporation changed its accounting policy from capitalizing to expensing all exploration and evaluation expenditures in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*. The Company believes that expensing post-acquisition exploration and evaluation costs as incurred provides more reliable and relevant financial information to the users of its financial statements, aligning the policy with the jurisdiction of the Project, its significant investors, and the accounting policies of its peers. Under the new policy, the cost of acquiring prospective properties and exploration rights continue to be capitalized. Exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is technically feasible and commercially viable and a mine development decision has been made by the Company. Thereafter, the Company will capitalize expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

The Company has applied the change in accounting policy on a retrospective basis and has therefore restated its 2015 comparatives as follows:

Consolidated Statements of Financial Position

As at December 31, 2015	As previously Reported	Adjustment	Restated
Current Assets			
Prepaid Expenses	$ 126,671	$ 139,071	$ 265,742
Total Current Assets	4,634,672	139,071	4,773,743
Non-current Assets			
Exploration and evaluation assets	$ 206,474,162	$ (136,587,407)	$ 69,886,755
Total Non-Current Assets	208,401,572	(136,587,407)	71,814,165
Equity			
Deficit	$ (27,137,595)	$ (136,448,336)	$ (163,585,931)
Total Equity	212,190,528	(136,448,336)	75,742,192

As at January 1, 2015	As previously Reported	Adjustment	Restated
Current Assets			
Prepaid Expenses	$ 134,829	$ 170,665	$ 305,494
Total Current Assets	9,764,357	170,665	9,935,022
Non-current Assets			
Exploration and evaluation assets	$ 196,496,745	$ (126,995,589)	$ 69,501,156
Total Non-Current Assets	199,499,953	(126,995,589)	72,504,364
Equity			
Deficit	$ (25,837,479)	$ (126,824,924)	$ (152,662,403)
Total Equity	207,679,267	(126,824,924)	80,854,343

(Expressed in US dollars)

3. Change in Accounting Policy (continued)

Consolidated Statement of Net Loss and Comprehensive Loss

For the nine months ended September 30, 2015		As previously Reported		Adjustment		Restated
Depreciation	$	-	$	908,050	$	908,050
Exploration and evaluation costs		-		6,416,780		6,416,780
Office and administrative		200,053		(6,800)		193,253
Share based compensation		212,124		294,626		506,750
Operating Loss		1,535,133		7,612,656		9,147,789
Net Loss and Comprehensive Loss	$	853,242	$	7,612,656	$	8,465,898
Net Loss per Share	$	0.01	$	0.05	$	0.06

For the three months ended September 30, 2015		As previously Reported		Adjustment		Restated
Depreciation	$	-	$	281,539	$	281,539
Exploration and evaluation costs		-		2,347,091		2,347,091
Office and administrative		42,005		(1,924)		40,081
Share based compensation		29,135		36,146		65,281
Operating Loss		312,195		2,662,852		2,975,147
Net Loss and Comprehensive Loss	$	55,912	$	2,662,852	$	2,718,764
Net Loss per Share	$	0.00	$	0.02	$	0.02

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2015		As previously Reported		Adjustment		Restated
Cash flow used in operating activities	$	(1,451,027)	$	(6,793,329)	$	(8,244,356)
Cash flow used in investing activities	$	(6,879,378)	$	6,793,329	$	(86,049)

For the three months ended September 30, 2015		As previously Reported		Adjustment		Restated
Cash flow used in operating activities	$	(460,552)	$	(2,464,922)	$	(2,925,474)
Cash flow used in investing activities	$	(2,503,242)	$	2,464,922	$	(38,320)

(Expressed in US dollars)

3. Change in Accounting Policy (continued)

Consolidated Statement of Changes in Equity

Deficit	As previously Reported	Adjustment	Restated
Balance, December 31, 2014	$ (25,837,479)	$ (126,824,924)	$ (152,662,403)
Net loss and comprehensive loss	(853,242)	(7,612,656)	(8,465,898)
Balance, September 30, 2015	(26,690,721)	(134,437,580)	(161,128,301)
Balance, December 31, 2015	$ (27,137,595)	$ (136,448,336)	$ (163,585,931)

4. Accounting Standards Issued but not yet Effective

i) IFRS 15 - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts; IAS 18 – Revenue; IFRIC 13 – Customer Loyalty Programs; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions involving Advertising Services. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently considering the impact, if any, of the standard on its future consolidated financial statements.

ii) IFRS 9 - In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently considering the impact, if any, of the final standard on its future consolidated financial statements.

iii) IFRS 16 - In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Corporation is currently considering the impact, if any, of the standard on its future consolidated financial statements.

(Expressed in US dollars)

5. Exploration and Evaluation Assets

At September 30, 2016 and December 31, 2015, the Corporation's exploration and evaluation assets, as restated (refer Note 3), at the Stibnite Gold Project were as follows:

	December 31, 2015	Additions	September 30, 2016
Acquisition Costs			
Interest on notes payable	$ 116,546	$ -	$ 116,546
Mineral claims	82,291,919	258,354	82,550,273
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest (1)	(13,548,460)	-	(13,548,460)
Balance	$ 69,886,755	$ 258,354	$ 70,145,109

	December 31, 2014	Additions	December 31, 2015
Acquisition Costs			
Interest on notes payable	$ 114,134	$ 2,412	$ 116,546
Mineral claims	81,908,732	383,187	82,291,919
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest (1)	(13,548,460)	-	(13,548,460)
Balance	$ 69,501,156	$ 385,599	$ 69,886,755

(1) In 2013, the Corporation sold a 1.7% net smelter returns royalty on any future gold production from the Stibnite Gold Project and 2,000,000 share purchase warrants to Franco-Nevada Corporation for proceeds of $15 million.

Summary

The Corporation acquired title to the Stibnite Gold Project through several transactions. All title is held at 100% through patented and unpatented mineral and millsite claims, except the Cinnabar claims which are held under an option to purchase agreement, and all of the Stibnite Gold Project is subject to a 1.7% net smelter returns royalty.

The Cinnabar claims are subject to an option agreement dated May 3, 2011, whereby on payment of $150,000 on signing and $100,000 per year for nine years paid on the anniversary of signing, the Corporation has the option to own 100% of the Cinnabar claim group. As at September 30, 2016, a payment of $100,000 remain outstanding and $650,000 has been paid to date. At completion of the option agreement, the Corporation would have paid $750,000.

Title

Although the Corporation has taken steps to verify title to the properties in which it has an interest and, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

6. Warrant Derivative

The exercise price of certain warrants and options are denominated in Canadian dollars, however the functional currency of the Corporation is the US Dollar. As a result of this difference in currencies, the proceeds that will be received by the Corporation are not fixed and will vary based on foreign exchange rates and the warrants and options are a derivative and are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash gain or loss in the statement of net loss and comprehensive loss. Upon exercise, the holders will pay the Corporation the respective exercise price for each warrant or option exercised in exchange for one common share of Midas Gold and the fair value at the date of exercise and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants or options that expire unexercised will be recorded as a gain in the statement of net loss and comprehensive loss. There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants or options.

In May 2013, the Corporation issued to Franco Nevada Corporation ("Franco") 2,000,000 share purchase warrants ("Franco Warrants"). The Franco Warrants are exercisable into 2,000,000 common shares of the Corporation at C$1.23 per warrant. The Franco Warrants contain a mandatory conversion feature which requires Franco to exercise 100% of the outstanding warrants if, at any time, the volume weighted average trading price of Midas Gold's common shares is equal to or greater than C$3.23 for a period of 30 consecutive trading days. The Franco Warrants expire on May 9, 2023.

In May 2015, the Corporation issued 9,562,095 share purchase warrants ("2015 Warrant(s)") as part of a private placement of Units ("2015 Unit(s)"). Each 2015 Unit consisted of one Share and one-half of one 2015 Warrant. Each 2015 Warrant entitles the holder to purchase one Share at a price of C$0.60 until May 20, 2017.

In March 2016, 8,417,144 warrants and finders' options (issued in 2014) expired unexercised, as these warrants and finders' options had no value in the period leading up to the expiry date. A reconciliation of the change in fair values of the derivative is below:

		Warrant Derivative
Balance, December 31, 2014	$	456,350
Value of warrants issued		762,794
Change in fair value of warrant derivative		(934,572)
Balance, December 31, 2015	$	284,572
Warrants exercised		(874,874)
Change in fair value of warrant derivative		3,227,891
Balance, September 30, 2016	$	2,637,589

The fair value of the warrants was calculated using a Black-Scholes valuation model. The weighted average assumptions used in the Black-Scholes valuation model are:

	September 30, 2016	December 31, 2015
Fair value of related warrants outstanding	$0.28	$0.01
Risk-free interest rate	0.6%	0.5%
Expected term (in years)	1.5	1.3
Expected share price volatility	70%	60%

(Expressed in US dollars)

7. Convertible Notes

On March 17, 2016, the Corporation issued unsecured convertible notes (the "Convertible Notes") for gross proceeds of \$38.5 (C\$50.0) million. The Convertible Notes bear interest at a rate of 0.05% per annum, payable annually in cash or common shares (at the Corporation's election) or added to the principal and payable on maturity, and have a maturity date of March 17, 2023. On the maturity date, the outstanding principal amount of the Convertible Notes is due and payable in cash unless converted in advance of that date. The holders of the Convertible Notes may convert any portion of their Convertible Notes at any time prior to the maturity date into common shares of the Corporation at a price of C\$0.3541 per share. If there is an equity financing completed at 95% of C\$0.3541, or below, the conversion price is adjusted downward. The Convertible Notes can be redeemed by the Corporation after four years with not more than 60-days written notice and not less than 30-days written notice if the Corporation's common shares reach a price of C\$0.7082. Following the notice of redemption, but prior to the redemption date the holders may convert their Convertible Notes to be redeemed into common shares at the then-current conversion price.

The Convertible Notes have been deemed to contain an embedded derivative ("Convertible Note Derivative") relating to the conversion option. The Convertible Note Derivative was valued upon initial recognition at fair value using partial differential equation methods at \$19.8 million (Note 8). At inception, the gross proceeds of the Convertible Notes were reduced by the estimated fair value of the Convertible Note Derivative (\$19.8 million) and the transaction costs of related to the Convertible Notes (\$0.4 million) resulting in a balance of \$18.3 million. The Convertible Notes are measured at amortized cost and will be accreted to maturity over the term using the effective interest method.

The components of the Convertible Notes are summarized as follows:

		Convertible Notes
Balance, March 17, 2016	$	18,307,136
Accretion		1,166,761
Foreign exchange adjustments		(195,102)
Balance, September 30, 2016	$	19,278,795

8. Convertible Note Derivative

The Convertible Note Derivative related to the Convertible Notes (Note 7) was valued upon initial recognition at fair value of \$19.8 million using partial differential equation methods and is subsequently re-measured at fair value at each period end through the statement of net loss and comprehensive loss. The components of the Convertible Note Derivative are summarized as follows:

		Convertible Note Derivative
Balance, March 17, 2016	$	19,771,572
Fair value adjustments		33,128,624
Foreign exchange adjustments		(792,880)
Balance, September 30, 2016	$	52,107,316

Upon conversion of the Convertible Notes, the fair value of the Convertible Note Derivative and the carrying value of the Convertible Notes will be reclassified to share capital. There are no circumstances in which the Corporation would be required to pay any cash upon conversion of the Convertible Notes.

(Expressed in US dollars)

8. Convertible Note Derivative (continued)

The fair value of the Convertible Note Derivative was calculated using partial differential equation methods. The assumptions used in the valuation model include:

	September 30, 2016	March 17, 2016
Risk-free interest rate	0.7%	0.9%
Expected term (in years)	6.4	7.0
Share Price	C$0.90	$C0.385
Credit Spread	10%	10%
Implied discount on share price	37% - 26%	37% - 26%
Expected share price volatility	58%	64%

9. Share Capital

a. *Authorized*

Unlimited number of common shares without par value.
Unlimited number of first preferred shares without par value.
Unlimited number of second preferred shares without par value.

b. *Common Shares Issued*

(i) Common Shares Issued for Cash during the Year Ended December 31, 2015

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 2015 Unit consisted of a Share in the capital of the Corporation and one-half of one 2015 Warrant. Each 2015 Warrant entitled the holder to acquire one additional Share at a price of C$0.60 for a period of two years. The net proceeds of C$7.5 million ($6.1 million) from the issuance of the shares were distributed between the common shares, C$6.6 million ($5.3 million), and warrants, C$0.9 million ($0.8 million). During the nine months ended September 30, 2016, 2,176,500 of these warrants were exercised (see Note 9c).

(ii) Common Shares Issued for Cash during the Nine Months Ended September 30, 2016

In March 2016, in conjunction with the issuance of the Convertible Notes (Note 7), the Corporation issued 14,643,880 shares at a price of C$0.3541 per common share, for gross proceeds of $4.0 million (C$5.2 million) and 353,007 common shares for services in relation to the issuance and transactions costs of $0.1 million (C$0.1 million). The net proceeds of the issuance were $3.9 million (C$5.0 million).

c. *Share purchase options*

Under the terms of the Corporation's Stock Option Plan, the maximum number of shares reserved for issuance under the Plan is 10% of the issued shares on a rolling basis. Options generally may be exercisable over periods of up to five years (but up to 10 years), as determined by the Board of Directors of the Corporation and the exercise price shall not be less than the closing price of the shares on the day preceding the award date, subject to regulatory approval. All stock options granted are subject to vesting, with one quarter vesting upon issuance and one quarter vesting on each anniversary from the date of grant.

(Expressed in US dollars)

9. Share Capital (continued)

A summary of share purchase option activity within the Corporation's share based compensation plan for the year ended December 31, 2015 and nine months ended September 30, 2016 is as follows:

	Number of Options	Weighted Average Exercise Price (C$)
Balance, December 31, 2014	10,845,000	$ 2.40
Options granted	3,018,000	0.45
Options expired/forfeited	(356,000)	2.74
Balance, December 31, 2015	13,507,000	$ 1.96
Options granted	5,396,000	0.46
Options exercised	(100,000)	0.33
Options expired/forfeited	(6,963,500)	2.63
Balance, September 30, 2016	11,839,500	$ 0.94

The currently outstanding options represent 66% of the amount permissible under the Stock Option Plan, or 7% of the issued shares of the Company as at September 30, 2016.

During the nine months ended September 30, 2016, the Corporation granted 5,396,000 stock options with a weighted average exercise price of C$0.46 that will expire between five and six years from the date of grant.

During the nine months ended September 30, 2016, the Corporation's total share based compensation expense was $584,974 (2015 - $506,750).

The fair value of options granted is estimated at the time of the grant using the Black-Scholes option pricing model, using the following weighted average assumptions:

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Fair value options granted	$0.29	$0.24
Risk-free interest rate	0.7%	1.0%
Expected term (in years)	5.1	5.0
Expected share price volatility	64%	63%
Expected dividend yield	-	-
Expected forfeiture	5%	5%

(Expressed in US dollars)

9. Share Capital (continued)

An analysis of outstanding share purchase options as at September 30, 2016 is as follows:

	Options Outstanding		Options Exercisable		
Weighted Average Exercise Price (C$)	Number	Remaining Contractual Life (Years)	Number	Remaining Contractual Life (Years)	Expiry Date
4.10	350,000	0.2	350,000	0.2	Dec-7-2016
3.95	450,000	0.3	450,000	0.3	Jan-4-2017
3.50	170,000	0.5	170,000	0.5	Mar-30-2017
3.10	250,000	0.9	250,000	0.9	Sep-7-2017
3.10	185,000	1.0	185,000	1.0	Oct-9-2017
0.71	460,000	1.6	460,000	1.6	May-22-2018
0.89	500,000	1.8	500,000	1.8	July-31-2018
0.72	1,204,000	2.3	1,204,000	2.3	Jan-8-2019
0.95	8,000	2.3	8,000	2.3	Feb-3-2019
0.46	2,580,000	3.3	1,290,000	3.3	Jan-6-2020
0.42	382,500	3.7	191,250	3.7	May-25-2020
0.31	2,194,000	4.3	548,500	4.3	Jan-06-2021
0.39	220,000	4.5	55,000	4.5	Mar-16-2021
0.66	1,451,000	4.6	362,750	4.6	Apr-19-2021
0.83	120,000	4.7	30,000	4.7	Jun-23-2021
0.82	120,000	5.0	30,000	5.0	Sep-16-2021
0.88	500,000	5.0	125,000	5.0	Sep-19-2021
0.88	95,000	5.0	23,750	5.0	Sep-19-2021
0.92	600,000	6.0	-	6.0	Sep-30-2022
0.94	11,839,000	3.3	6,233,250	2.5	

d. *Warrants*

A summary of warrant activity for the year ended December 31, 2015 and nine months ended September 30, 2016 is as follows:

	Number of Warrants	Weighted Average Exercise Price (C$)
Balance, December 31, 2014	10,417,144	$ 1.11
Warrants granted	9,562,095	0.60
Balance, December 31, 2015	19,979,239	$ 0.87
Warrants exercised	(2,176,500)	0.60
Warrants expired	(8,417,144)	1.09
Balance, September 30, 2016	9,385,595	$ 0.73

An analysis of outstanding share purchase warrants as at September 30, 2016 is as follows:

Weighted Average Exercise Price (C$)	Warrants Outstanding and Exercisable	Remaining Contractual Life (Years)	Expiry Date
0.60	7,385,595	0.6	May-20-2017
1.23	2,000,000	6.6	May-9-2023
$ 0.71	9,385,595	1.9	

(Expressed in US dollars)

10. Exploration and Evaluation Expenditures

The Corporation's exploration and evaluation expenditures at the Stibnite Gold Project for the three and nine months ended September 30, 2016 and 2015 were as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Exploration and Evaluation Expenditures				
Consulting and labor cost	763,378	810,043	2,378,65	2,526,407
Drilling	202,280	27,928	202,280	27,928
Field office and drilling support	424,504	284,567	868,458	893,310
Engineering	142,830	113,388	255,322	328,718
Environmental and sustainability	809,945	1,101,719	1,763,077	2,629,184
Geochemistry and geophysics	-	9,446	222	11,233
EXPLORATION AND EVALUATION EXPENSE	$ 2,342,938	$ 2,347,091	$ 5,468,026	$ 6,416,780

11. Finance Costs

The Corporation's finance costs for the three and nine months ended September 30, 2016 were comprised of accretion costs of $506,591 and $1,166,761 respectively (Note 7) and transaction costs associated with the Convertible Note of $Nil and $453,453 respectively.

12. Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, convertible notes, Convertible Note Derivative and warrant derivative. Cash and cash equivalents and trade and other receivables are designated as loans and receivables, which are measured at amortized cost. The trade and other payables and convertible note are designated as other financial liabilities, which are measured at amortized cost. The Convertible Note Derivative and warrant derivatives are designated at fair value through profit or loss. The cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair value due to their short-term nature.

The Corporation classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

(Expressed in US dollars)

12. Financial Instruments (continued)

At September 30, 2016 and December 31, 2015, the levels in the Fair Value hierarchy into which the Corporation's financial assets and liabilities are measured and recognized on the balance sheet at fair value are categorized as follows:

	Level 1	Level 2	September 30, 2016 Level 3
Convertible Note Derivative (see Note 8)	$ -	$ -	$ 52,107,316
Warrant Derivative (see Note 6)	-	-	2,637,589
	$ -	$ -	$ 54,744,905

	Level 1	Level 2	December 31, 2015 Level 3
Convertible Note Derivative (see Note 8)	$ -	$ -	$ -
Warrant Derivative (see Note 6)	-	-	284,572
	$ -	$ -	$ 284,572

13. Segmented Information

The Corporation operates in one segment, being the exploration, evaluation and potential development of the Stibnite Gold Project. Details on a geographic basis are as follows:

	September 30, 2016	December 31, 2015
Assets by geographic segment, at cost		
Canada		
Current assets	$ 39,858,766	$ 4,356,501
Non-current assets	57,607	16,081
	$ 39,916,373	$ 4,372,582
United States		
Current assets	$ 664,684	$ 417,242
Non-current assets	71,346,872	71,798,084
	$ 72,011,536	$ 72,215,326
	$ 111,927,929	$ 76,587,908

14. Commitments

a. *Office Rent*

The Corporation has entered into various lease agreements for office and storage space. The total rent obligation over the next five years is $328,000 with $133,000 due within one year and $195,000 due after one year but within five years.

b. *Mining Claim Assessments*

The Corporation currently holds mining claims on which it has an annual assessment obligation of $235,000 in order to maintain the claims in good standing. The Corporation is committed to these payments indefinitely. Related to the Mining Claim Assessments is a $168,000 bond related to the Corporation's exploration activities.