



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Midas Gold Corp. ("Midas Gold" or the "Corporation") for the three and nine months ended September 30, 2018. This MD&A should be read in conjunction with Midas Gold's unaudited condensed consolidated interim financial statements ("Interim Financial Statements") for the three and nine months ended September 30, 2018 and consolidated financial statements for the year ended December 31, 2017, both of which were prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34"), using accounting policies that are consistent with the International Financial Reporting Standards ("IFRS"), and the MD&A of Midas Gold for the year ended December 31, 2017. Additional corporate information, including Midas Gold's most recent Annual Information Form ("AIF") and other continuous disclosure documents can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.midasgoldcorp.com](http://www.midasgoldcorp.com).

To the extent applicable, updated information contained in this MD&A supersedes older information contained in previously filed continuous disclosure documents. Information contained on the Corporation's website that is not incorporated by reference does not form part of this MD&A. This MD&A contains forward-looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "Forward-Looking Statements" and "Risks and Uncertainties" sections in this MD&A for further information. All "\$" dollars in this MD&A are United States Dollars, unless specifically stated as "C\$" which are Canadian Dollars.

The information in this MD&A is provided as at November 14, 2018.

### OVERVIEW

Midas Gold was incorporated on February 22, 2011 under the Business Corporations Act of British Columbia. The Corporation was organized to locate, acquire and develop mineral properties located principally in the Stibnite – Yellow Pine mining district in Valley County, Idaho (the "District"). The Corporation's common shares trade on the Toronto Stock Exchange ("TSX"). The corporate office of Midas Gold is located at 890 - 999 West Hastings St, Vancouver, BC, V6C 2W2, Canada.

### QUARTER HIGHLIGHTS

On July 3, 2018, the Corporation announced that the U.S. Forest Service ("USFS") had provided its quarterly update to the anticipated permitting schedule for Midas Gold's Stibnite Gold Project ("Project"). The USFS, in cooperation with the six other federal, state and local agencies responsible for the permitting schedule, anticipated issuing a draft Environmental Impact Statement ("EIS") for public comment in February 2019, with a Final EIS and Draft Record of Decision ("ROD") by October 2019. This would allow for an approved Final ROD in March 2020. Subsequent to the end of the quarter, on October 1, 2018, the Corporation announced that the USFS had provided its subsequent quarterly update to the anticipated permitting schedule for the Project. In that update, the USFS anticipated issuing a draft EIS for public comment in May 2019, with a Final EIS and Draft ROD in February 2020, followed by an approved Final ROD in May 2020. This updated schedule accommodates the review and analysis of a considerable amount of additional information requested by the agencies and provided by Midas Gold during the quarter, and the integration of consultations required by other agencies to meet their regulatory obligations. The USFS will continue to issue quarterly updates to the anticipated schedule as the process advances.

On August 9, 2018, the Corporation announced that it has appointed Brad Doores to its Board of Directors, replacing Michael

Bogert, who stepped down from the Board at the same time in a planned transition to working more closely with the Company on permitting-related matters. On August 30, 2018, it was announced that Michael Bogert had been appointed General Counsel for Midas Gold Idaho, Inc., Midas Gold's wholly owned subsidiary leading the regulatory process for the Project.

Also subsequent to the quarter close, on October 10, 2018, the Corporation announced that the Nez Perce Tribal Executive Committee had adopted a resolution formally opposing the Company's proposed Stibnite Gold Project. The Nez Perce Tribe is one of the three tribes being consulted by the USFS under the National Environmental Policy Act review process. Midas Gold will continue to reach out to the Nez Perce Tribe and hopes to address their concerns.

## **FORWARD-LOOKING STATEMENTS**

This MD&A 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", "budget", "estimates", "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", "would", "might" or "will be", "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.

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, the risks and uncertainties set out under the heading "Risks and Uncertainties" in this MD&A.

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.

## **2018 OUTLOOK AND GOALS**

For 2018, Midas Gold's objectives are to continue to advance the permitting process for the Project under NEPA and, in parallel, to advance the technical work and studies needed to support the completion of a feasibility study for the Project. In conjunction with the foregoing, Midas Gold will continue to engage and consult with regulators, communities, tribes and other stakeholders in respect of the concepts for the Project set out in the PRO in order to ensure that plans for the restoration and redevelopment of the Project address concerns and issues to the extent environmentally, technically and commercially feasible.

The Corporation continues to balance the timing and prioritization of expenditures with the intention of delivering the Corporation's major objectives in a timely and cost-effective manner.

## RESULTS OF OPERATIONS

### Net Loss and Comprehensive Loss

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
<b>EXPENSES</b>				
Consulting	\$ 1,446	\$ 8,738	\$ 41,089	\$ 23,999
Corporate salaries and benefits	138,490	169,525	372,742	483,864
Depreciation	55,098	92,699	212,618	564,507
Directors' fees	30,599	29,276	95,398	83,080
Exploration and evaluation	6,045,149	5,596,888	18,327,576	13,644,536
Office and administrative	51,390	51,543	132,295	126,530
Professional fees	6,612	24,864	73,471	118,663
Share based compensation	234,498	308,606	1,039,665	1,343,252
Shareholder and regulatory	55,049	84,842	259,691	314,260
Travel and related costs	56,402	50,991	187,219	121,600
<b>OPERATING LOSS</b>	<b>\$ 6,674,733</b>	<b>\$ 6,417,972</b>	<b>\$ 20,741,764</b>	<b>\$ 16,824,291</b>
<b>OTHER (INCOME) EXPENSES</b>				
Change in fair value of warrant derivative	\$ (94,213)	\$ (50,783)	\$ 191,016	\$ (768,104)
Change in fair value of convertible note derivative	(5,121,941)	(6,144,741)	21,148,669	(17,245,243)
Finance costs	621,633	584,586	1,844,509	1,641,342
Foreign exchange loss (gain)	1,246,338	2,231,142	(2,205,823)	4,064,046
Interest income	(234,036)	(90,030)	(427,822)	(236,575)
Total other expenses	<b>\$ (3,582,219)</b>	<b>\$ (3,469,826)</b>	<b>\$ 20,550,549</b>	<b>\$ (12,544,534)</b>
<b>Net Loss and Comprehensive Loss</b>	<b>\$ 3,092,514</b>	<b>\$ 2,948,146</b>	<b>\$ 41,292,314</b>	<b>\$ 4,279,757</b>

Net loss and comprehensive loss for Midas Gold for the three and nine-month periods ended September 30, 2018 was \$3.1 million and \$41.3 million respectively compared with a loss of \$2.9 million and \$4.3 million for the corresponding periods of 2017. The \$37.0 million change for the nine months was primarily attributable to a \$38.3 million increase in non-cash losses related to the change in the fair value of the embedded derivative ("Convertible Note Derivative") on the convertible notes ("Convertible Notes", see Note 7 in the Financial Statements), a \$1.0 million increase in non-cash losses related to the change in fair value of the warrant derivative (see Note 5 in the Financial Statements), and a \$4.7 million increase in exploration and evaluation expenses. These losses were partially offset by a \$0.4 million decrease in depreciation expense, a \$0.3 million decrease in share based compensation, and foreign exchange gains of \$6.3 million as compared to the prior period. As noted above, for the three and nine months ended September 30, 2018, the Corporation's main focus was the continued evaluation and advancement of the Stibnite Gold Project.

An analysis of each line item follows.

### Consulting

This expense relates to consulting services provided to the Corporation that do not relate to the exploration and evaluation of the Stibnite Gold Project. The expense for the three months ended September 30, 2018 is consistent with the comparable period in the previous year. The expense for the nine months ended September 30, 2018 is higher than the comparable period in 2017 primarily as a result of the costs associated with the Project Finance Advisor brought on in 2018.

### Corporate Salaries and Benefits

This expense results from salaries and benefits of the employees that are not directly related to the exploration and evaluation of the Stibnite Gold Project, primarily Canadian corporate employees. Salaries and benefits for the quarter ended September 30, 2018 are comparable to the same quarter in the prior year. This expense for the nine months ended September 30, 2018 is lower than the prior year due to 2017 short term incentive payments made during Q1 2018 being lower than the amount accrued in Q4 2017.

### Depreciation

This expense relates to the depreciation of the Corporation's building and equipment. The expense for the current quarter and year-to-date is lower than the comparable periods in the previous year due to building and equipment being fully depreciated.

### Directors' Fees

Each of the Corporation's non-executive, independent directors is entitled to annual base fees paid in quarterly installments, with the Chair of the Board, Chairs of Board Committees and Members of Board Committees receiving additional fees commensurate with each role. These fees were increased during Q1 2018 as a result of a review by the Compensation Committee, and subsequently approved by the Board of Directors, based on fee comparisons with the Corporation's peer group and an increased workload.

### Exploration and Evaluation

This expense relates to all exploration and evaluation expenditures related to the Stibnite Gold Project, including labour, drilling, field office costs, engineering, permitting, environmental and sustainability costs. The Corporation's primary focus on moving the Project forward to publish both a draft EIS and Feasibility Study ("FS") by Q2 2019 resulted in a \$0.5 million and \$4.7 million increase in expenditures for the three and nine months ended September 30, 2018 as compared to the same periods in the prior year. These increases are primarily in the engineering, field operations and permitting departments and are partially offset by decreases in drilling and environmental and reclamation. Additional details of expenditures incurred are as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Exploration and Evaluation Expenditures				
Consulting and labor cost	1,286,818	1,030,928	3,908,419	3,140,632
Drilling	403	615,204	458,763	1,340,949
Field office and drilling support	1,054,681	673,202	2,187,351	1,660,645
Engineering	1,009,691	745,958	3,549,721	1,905,964
Permitting	2,131,932	1,659,877	6,337,877	3,286,016
Environmental and reclamation	386,200	772,081	1,450,145	2,104,718
Legal and sustainability	175,424	99,639	435,300	205,612
<b>Exploration and Evaluation Expense</b>	<b>\$ 6,045,149</b>	<b>\$ 5,596,888</b>	<b>\$ 18,327,576</b>	<b>\$ 13,644,536</b>

### Office and Administrative

This expense is primarily made up of costs associated with the maintenance of an office in Vancouver, BC. The costs for the three and nine months ended September 30, 2018 are consistent with the comparable periods in the prior year.

### Professional Fees

This expense relates to the legal and accounting costs of the Corporation. The costs for the three and nine months ended September 30, 2018 are lower than the comparative periods in the prior year primarily due to high legal fees in the six months ended June 30, 2017 in relation to the maintenance of Convertible Notes.

### **Share Based Compensation**

This expense is due to the compensation of directors, officers, employees and consultants that are share based. Shared based compensation for the current quarter is lower than the same period in 2017 primarily due to the termination of options under the Stock Appreciation Rights (“SAR”) clause of the Corporation’s Stock Option Plan resulting in an offset to share based compensation for the quarter. This expense for the nine-months ended September 30, 2018 is \$0.3 million below the comparative period in 2017 due to the termination of options under the SAR in the current quarter, additional options granted during Q1 2017 and a decrease in stock price over the previous quarter. The fair value of options granted is estimated at the time of the grant using the Black-Scholes option pricing model which uses various assumptions that are outlined in the Corporation’s condensed consolidated interim financial statements for the quarter ended September 30, 2018.

### **Shareholder and Regulatory**

This expense is associated with marketing, licenses and fees, and shareholder communications. The expense for the three and nine months ended September 30, 2018 is lower than the comparable periods in the previous year due to the OTCQX no longer requiring a Principal American Liaison be retained by the Company.

### **Travel and Related Costs**

This expense is a result of travel and meal costs of the Corporation’s directors, officers, employees and consultants whilst undertaking business on behalf of the Corporation. The expense for the three months ended September 30, 2018 is comparable to the same period in the prior year. The expense for the nine months ended September 30, 2018 is higher than the comparable periods in the previous year due to an increase in director travel incurred during the second quarter.

### **Change in Fair Value of Warrant Derivative**

The Corporation has issued warrants in various financing transactions since 2013, all with exercise prices denominated in Canadian dollars. The Corporation determined that warrants with an exercise price denominated in a currency that is different from the entity’s functional currency should be classified as a derivative and carried at their fair value. Any changes in their fair value from period to period have been recorded as a gain or loss in the consolidated statement of net loss and comprehensive loss. There are no circumstances under which Midas Gold will be required to pay cash upon exercise or expiry of the warrants or finder’s options (see Note 5 in the Financial Statements).

### **Change in Fair Value of Convertible Note Derivative Liability**

The Corporation issued Convertible Notes in March 2016 with an exercise price denominated in Canadian dollars. The Corporation determined that the Convertible Notes with an exercise price denominated in a currency that is different from the entity’s functional currency should be classified as a derivative and carried at their fair value. Any changes in their fair value from inception to balance date have been recorded as a gain or loss in the consolidated statement of net loss and comprehensive loss. The Convertible Note derivative is valued at fair value in accordance with IFRS. The change in fair value is due to an increase in the Corporation’s share price. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes (see Note 7 in the Financial Statements).

### **Finance Costs**

As a result of the issuance of the Convertible Note Derivatives described above the Corporation incurred costs associated with financing. These costs are primarily made up of accretion and interest expenses and are higher than the comparable periods in the previous year due to the compounding interest on the principle balance of Convertible Notes.

### **Foreign Exchange**

This loss is a result of the translation of the Corporation’s Canadian dollar denominated balances as at September 30, 2018, primarily on the Convertible Notes and the Convertible Note Derivative. Foreign exchange losses have decreased from the comparative three and nine months ended 2017 due to the change in the value of the Canadian dollar compared to the US dollar.

### **Interest Income**

This income results from interest received on the Corporation’s cash balances. Interest income increased in the three and nine months ended September 30, 2018 compared to the same periods in the prior year as a result of higher average cash balances due to the May 2018 financing.

## Balance Sheet

An analysis of the September 30, 2018 and December 31, 2017 statements of financial position of the Corporation follows.

### Total Assets

Total assets increased during the nine months ended September 30, 2018 from \$90.6 million to \$109.2 million primarily as a result of cash received during the May 2018 financing partially offset by cash used in operations to fund the Stibnite Gold Project.

### Equity

Equity for the nine months ended September 30, 2018 is consistent with the equity reported at December 2017, with an increase in share capital related to the May 2018 financing offset by an increase in deficit, primarily related to the movement in the Convertible Note Derivative.

### Total Liabilities

Total liabilities increased during the nine months ended September 30, 2018 from \$56.3 million to \$76.8 million, primarily as a result of the change in fair value of the Convertible Note Derivative, which increased from \$29.8 million at December 31, 2017 to \$49.4 million at September 30, 2018. 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 Notes 6 and 7 in the Interim Financial Statements).

### Cash Flows

Midas Gold's net change in cash and cash equivalents for the three months ended September 30, 2018 was an outflow of \$6.4 million (2017 - \$6.2 million). The net change in cash and cash equivalents for the nine months ended September 30, 2018 was an inflow of \$18.3 million (2017 - \$11.9 million outflow). The net inflows from financing activities during the first nine months of 2018 were partially offset by outflows from investing and operating activities.

Operating cash outflows for the three and nine months ended September 30, 2018 were \$6.3 million and \$19.8 million respectively (2017 - \$6.1 million and \$14.5 million respectively) and financing cash flows for the three and nine months ended September 30, 2018 were \$0.0 and a \$38.2 million inflow, respectively (2017 - \$0.0 and \$2.6 million inflows, respectively).

## QUARTERLY RESULTS

The net loss and comprehensive loss of Midas Gold for the previous eight calendar quarterly periods is tabulated below.

Quarter Ended	Revenue	Net Loss & Comprehensive Loss	Basic & Diluted Loss per Share	Total Assets	Long Term Liabilities	Cash Dividend
	\$	\$	\$	\$	\$	\$
September 30, 2018	-	(3,092,514)	(0.01)	109,212,038	73,472,963	-
June 30, 2018	-	(7,871,484)	(0.04)	115,434,602	76,695,238	-
March 31, 2018	-	(30,328,316)	(0.16)	83,701,538	76,007,461	-
December 31, 2017	-	(4,012,506)	(0.02)	90,641,162	52,762,758	-
September 30, 2017	-	(2,948,146)	(0.02)	97,010,277	57,075,780	-
June 30, 2017	-	(655,226)	(0.00)	103,230,928	60,255,582	-
March 31, 2017	-	(676,383)	(0.00)	104,662,545	64,708,086	-
December 31, 2016	-	(1,266,823)	(0.01)	109,030,690	68,381,594	-
September 30, 2016	-	(1,056,426)	(0.01)	111,927,929	71,386,111	-

The Corporation has had relatively consistent operating losses over the past two years, the most significant variances to the net loss and comprehensive loss is the change in the fair value of the warrant derivative, the Convertible Note Derivative and foreign exchange losses on the Convertible Notes and Convertible Note Derivative. Exploration and evaluation expenditures create variances dependent on the nature of the work that is being completed in each quarter. The long-term liability includes the Convertible Note Derivative, which 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 6 in the Interim Financial Statements).

## **CAPITAL RESOURCES AND LIQUIDITY**

Capital resources of Midas Gold consist primarily of cash and liquid short-term investments. As at September 30, 2018, Midas Gold had cash and equivalents totaling approximately \$37.2 million, approximately \$0.5 million in other current assets and \$2.9 million in trade and other payables.

Midas Gold has sufficient funds to advance the Stibnite Gold Project towards completion of a feasibility study and to continue to advance the regulatory process related to permitting for mine development. During 2018 and beyond, Midas plans to:

- Continue engaging with Project stakeholders to provide those stakeholders with the opportunity for better understanding of the Project concepts and to provide a forum for such stakeholders to provide further input into the Project, possible options and alternatives;
- Continuing to collect environmental baseline data in support of the ongoing regulatory processes related to permitting for site restoration and redevelopment of the Project;
- Continuing to advance the Project towards completion of a Feasibility Study;
- Continuing to advance the regulatory process for the restoration and redevelopment of the Project, including the repair of legacy impacts and operation of a modern mining and processing facility that would provide a social and economic benefit to the local community and restoration of the Project site.

Midas Gold has a current liability of \$0.4 million related to the warrant derivative. There are no circumstances under which Midas Gold will be required to pay any cash upon exercise or expiry of the warrants (see Note 5 in the Interim Financial Statements).

Midas Gold has long term liabilities of \$73.5 million related to the Convertible Notes and the related embedded derivative. 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 related to the \$49.4 million Convertible Note Derivative upon conversion of the Convertible Notes (see Notes 6 and 7 in the Interim Financial Statements).

Midas Gold does not anticipate the payment of dividends in the foreseeable future.

It is management's opinion, based on the Corporation's current liquidity position, that the Corporation will have sufficient assets to discharge its liabilities as they become due, to advance the Stibnite Gold Project and to meet its administrative and overhead requirements for more than a year.

### **Contractual Obligations**

#### **Office Rent**

The Corporation entered into various lease agreements for office and storage space. The total rent obligation over the next five years is \$214,556 with \$189,953 due within one year and the remaining \$24,603 due after one year.

#### **Mining Claim Assessments**

The Corporation currently holds mining claims on which it has an annual assessment obligation of \$235,000 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.

#### **Option Payments on Mining Claims**

The Corporation is obligated to make option payments on mineral claims comprising the Cinnabar prospect, which is part of the Project, in order to maintain an option to purchase to obtain title to these claims. As at September 30, 2018, the remaining option payments due on the Cinnabar property are \$160,000, which will be paid over the next four years. The new agreement includes an option to extend up to 20 years.

## OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements as of September 30, 2018 and the date of this MD&A.

## RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the three and nine months ended September 30, 2018 and 2017, compensation of directors and officers and other key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Corporation was:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Salaries and benefits	190,858	250,412	604,426	700,414
Share based compensation	75,309	118,086	336,013	531,300
	\$ 266,167	\$ 368,498	\$ 940,439	\$ 1,231,714

During Q1 2018, the Chief Operating Officer retired from his role and therefore is no longer considered key management, however, he continues to serve the company in other capacities. No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three and nine month periods ended September 30, 2018 and 2017.

There were no balances outstanding with related parties at September 30, 2018.

## MINERAL PROPERTIES

### Stibnite Gold Project

The Corporation and its subsidiaries' property holdings at the Stibnite Gold Project are comprised of a contiguous package of unpatented federal lode claims, unpatented federal mill site claims, patented federal lode claims and patented mill site claims. As of September 30, 2018, this land position encompassed approximately 11,548 hectares held in 1,518 unpatented lode and mill site claims and patented land holdings. The Corporation acquired these rights under the 1872 Mining Law through a combination of transactions and staking and holds a portion under an option agreement. Bureau of Land Management payment in lieu of assessment claim rental fees, filings and the claims are all in good standing. Normal maintenance and upkeep of the Project infrastructure continued during the quarter.

### Permitting for Development

On December 13, 2016, the USFS reported that it had determined that the PRO filed by Midas Gold Idaho, Inc. on September 21, 2016 for the restoration, re-development and operation of the Stibnite Gold Project in Valley County, Idaho met the requirements for a plan of operations under USFS regulations allowing the USFS to commence the formal review of the Project under the National Environmental Policy Act ("NEPA"). The USFS completed public scoping under NEPA during the third quarter of 2017 and the regulatory agencies are presently conducting reviews of the information provided by Midas Gold in its plan of restoration and operations and analyses of alternatives as required under NEPA. The NEPA review is being undertaken in a coordinated process by seven federal, state and local agencies under a joint memorandum of understanding entered into in September 2017.

### District Exploration

No drilling was completed during the quarter. Seismic refraction surveys were completed to map the depth to rock and determine overburden characteristics at selected locations along the Burntlog Route. Other activities continued with efforts directed at updating geological, alteration and structural modelling of the mineral resources to support engineering design, metallurgical programs and environmental studies for the Feasibility Study and permitting.

## **Environmental and Other Matters Pertaining to the Stibnite Gold Project**

The Project is located in a historic mining district with extensive and widespread exploration and mining activity, and related environmental effects, spanning nearly 100 years, from the early 1900s until today. Actions by prior operators and government agencies have addressed some of the historic environmental issues, but extensive disturbance and legacy effects remain.

For additional disclosure on Environmental and Other Matters refer to the Corporation's Annual Information Form for the years ended December 31, 2017 and December 31, 2016, the prospectus dated June 30, 2011 and the short form prospectus dated March 8, 2012. The Corporation is, and in future will continue to be, subject to federal, state and local statutes, rules and regulations related to, among other things, environmental protection, site access and construction activities. The environmental effects, if any, of current and future activities will be monitored and, where appropriate, mitigated, reclaimed and restored by the Corporation.

A number of environmental studies and regulatory investigations in the District identified numerous areas of potential environmental degradation related to past mining. In the past, regulatory actions under the *Comprehensive Environmental Response, Compensation, and Liability Act* ("CERCLA"), the *Resource Conservation and Recovery Act* ("RCRA") and state law have been taken by the U.S. Environmental Protection Agency ("EPA"), the USFS and the Idaho Department of Environmental Quality against historic mining operators. All of these regulatory activities and related clean-up programs pre-date any ownership or activity by the Corporation. Prior to its acquisitions in the District, the Corporation conducted appropriate due diligence, comprising formal assessments of the properties comprising the Project, in order to mitigate potential liabilities related to past disturbance and to maintain its status as a bona fide prospective purchaser under CERCLA.

### **Consent Decrees under CERCLA**

Several of the patented lode and mill site claims acquired by subsidiaries of Midas Gold in the areas of the West End mill site claims previously used for processing operations are subject to a consent decree, which covers certain environmental liability and remediation responsibilities with respect to such claims. The consent decree provides the regulatory agencies (that were party to the agreement) access and the right to conduct remediation activities under their respective CERCLA and RCRA authorities as necessary and to prevent the release or potential release of hazardous substances. The consent decree also 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 acquired by subsidiaries of Midas Gold are also subject to a consent decree between the previous owner of those claims and the United States, which imposes certain obligations on that previous owner, including that the previous owner will cooperate with the U.S. Environmental Protection Agency and USFS in those agencies' efforts to secure any government controls necessary to implement response activities.

### **Plans for the Environmental Issues**

The Corporation expects that the issue of existing environmental concern will be addressed as part of the permitting process for any future mining operations. The Corporation recognizes the need to maintain the current designated uses, to improve water quality, enhance wildlife and aquatic habitat where practicable and to reduce sediment loads in the Project area wherever feasible as a component of its ongoing activities, in addition to providing for future mining activities, should they occur.

## **CRITICAL ACCOUNTING ESTIMATES AND POLICIES**

### **Critical Accounting Estimates and Judgments**

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

Accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these consolidated financial statements include, among others, the useful lives of buildings and equipment, valuation of assets,

valuation of share based compensation, warrant and Convertible Note Derivatives, mineral resource estimates and the recoverable amount of exploration and evaluation expenditures.

Accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the accounting for its exploration and evaluation assets, recognition of deferred tax assets or liabilities, functional currency, fair value of the Convertible Note Derivative, expected economic lives of and the estimated future operating results and net cash flows from buildings and equipment and exploration and evaluation assets.

## FINANCIAL INSTRUMENTS

The Corporation's cash balance increased from \$18,915,423 at December 31, 2017 to \$37,171,629 at September 30, 2018. There have been no other significant changes in the Corporation's financial instruments since December 31, 2017, with the exception of the change in fair value of the Convertible Note Derivative, which are discussed in Results of Operations.

## OUTSTANDING SHARE DATA

	November 14, 2018	September 30, 2018
Common shares issued and outstanding	234,779,994	234,779,994
Options outstanding	16,792,075	16,792,075
Warrants outstanding	2,000,000	2,000,000
Shares issuable on conversion of Convertible Note	140,955,666	140,955,666
Total	394,527,735	394,527,735

## DISCLOSURE CONTROL AND PROCEDURES AND INTERNAL CONTROL OF FINANCIAL REPORTING

The Corporation's management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, based on the *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

DC&P are designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Corporation is recorded, processed, summarized and reported in a timely and appropriate manner. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with international financial reporting standards. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

The Corporation's management, under the supervision of the CEO and CFO, has evaluated the design effectiveness of its DC&P and ICFR and concluded that, as of September 30, 2018, they are effective in providing reasonable assurance regarding required disclosures and the reliability of external financial reporting.

## CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

National Instrument 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No changes were made to the Corporation's ICFR in the three months ended September 30, 2018 which have materially affected, or are reasonably likely to materially affect, ICFR.

## EXTRACTIVE SECTOR TRANSPARENCY MEASURE ACT – REPORTING

In accordance with Canada’s Extractive Sector Transparency Measures Act (the “Act”) that was enacted on December 16, 2014 and brought into force on June 1, 2015, that is intended to contribute to global efforts to increase transparency and deter corruption in the extractive sector. Midas Gold reports that for the three and nine months ended September 30, 2018, it has made payments of fees and taxes, as defined by the Act, of US\$85,550 and US\$616,781 respectively, to the government entities below. The Act only requires payments greater than C\$100,000 to be reported and the Corporation will follow these requirements, however the below is provided for additional transparency.

Quarter	Payee	Details	Amount
2018 Q1	Idaho Department of Lands	Reimbursement of expenditures related to water quality testing at the Stibnite Gold Project	\$45,550
	US Forest Service	Reimbursement of salary and operating expenses for the USFS to oversee the EIS process for the Stibnite Gold Project for the first half of the year	\$261,766
2018 Q2	Idaho Department of Lands	Reimbursement of expenditures related to water quality testing at the Stibnite Gold Project	\$45,550
	Idaho Department of Lands	Application for Permanent Closure Plan Fee	\$5,000
	US Forest Service	Reimbursement of salary and operating expenses for the USFS to oversee the EIS process for the Stibnite Gold Project for the first half of the year	\$173,365
2018 Q3	City of Riggins	Donation for stage at city park in Riggins which will be utilized for multiple fundraising events in the community	\$10,000
	Idaho Department of Lands	Reimbursement of expenditures related to water quality testing at the Stibnite Gold Project	\$45,550
	Idaho Department of Environmental Quality	Reimbursement of IDEQ technical personnel and 3 <sup>rd</sup> party consultants utilized by IDEQ for review and analysis of the Cyanidation Permit Application	\$20,000
	Yellow Pine Water Users, Inc.	Disbursement for signed Community Agreement with the Village of Yellow Pine to be utilized on various projects throughout the community; first of three agreed upon annual payments	\$10,000
Total			\$616,781

## USE OF PROCEEDS

The Corporation received net proceeds of \$41.4 million in March 2016 related to the issuance of Convertible Notes and common shares through a private placement. At the end of the quarter ended June 30, 2018 these proceeds were fully utilised and a reconciliation was provided in the MD&A for that reporting period.

The Corporation also completed a financing in May 2018 for net proceeds of \$37.5 million. The Corporation intends to use these proceeds to advance the Stibnite Gold Project and for other working capital requirements. The utilization of the funds related to the Stibnite Gold Project are predominately accounted for in Exploration & Evaluation expenses and are described in the Results of Operations section above.

## **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, convertible debentures, warrants, options or other securities.

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, 2017 available under the Corporation's profile on SEDAR at [www.sedar.com](http://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 the future production of mineral reserves.
- Global financial markets can have a profound impact on the global economy in general, and on the mining industry in particular.
- Mineral exploration and development in the United States is subject to numerous regulatory requirements on land use.
- Resource exploration and development is a high risk, speculative business.
- 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.
- Mineral exploration and development activities are subject to geologic uncertainty and inherent variability.
- The quantification of mineral resources and mineral reserves is based on estimates and is subject to great uncertainty.
- Increased operating and capital costs may adversely affect the viability of existing and proposed mining projects.

### **The Corporation's Risks**

- Midas Gold will need to raise additional capital through 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 affected.
- Midas Gold has an obligation to repay the outstanding principal under the Convertible Notes issued in March 2016 by the seventh anniversary of their issuance unless previously converted into shares; on or before that date Midas Gold either needs to have arranged sufficient funding to repay the outstanding principal or to have converted the notes into common share in accordance with the terms of the Convertible Notes.
- 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.
- 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 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.

- Midas Gold may face opposition from environmental non-governmental organizations, Indian tribes or other stakeholders that may delay or interfere with the regulatory process for the development of the Project.
- Midas Gold has not completed an environmental impact statement, nor has it received the necessary permits for water or explosives to conduct mining operations.
- Midas Gold's activities are subject to environmental liability.
- 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.
- Midas Gold's future exploration efforts may be unsuccessful.
- Midas Gold's mineral resource and mineral reserve estimates may not be indicative of the actual gold that can be mined.
- 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 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'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 ability to explore and, if warranted, develop 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.
- Midas Gold depends on key personnel for critical management decisions and industry contacts but does not maintain key person insurance.
- Midas Gold does not have a full staff of technical people and relies upon outside consultants to provide critical services.
- Certain Midas Gold directors also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.
- Midas Gold has no history of paying dividends, does not expect to pay dividends in the immediate future and may never pay dividends.
- Midas Gold's business involves risks for which Midas Gold may not be adequately insured, if it is insured at all.
- A shortage of supplies and equipment could adversely affect Midas Gold's ability to operate its business.
- A cyber security incident could adversely affect Midas Gold's ability to operate its business.