MIDAS GOLD

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

The information included in this Management Discussion and Analysis ("MD&A") dated November 9, 2012, is of the operating results and financial condition of Midas Gold Corp. ("Midas Gold" or the "Corporation") for the three and nine months period ended September 30, 2012 compared to the three and nine months period ended September 30, 2011. Amounts are presented in the Corporation's functional currency, the US dollar, unless otherwise stated.

This MD&A is intended to help the reader understand the significant factors that have affected the Corporation's financial performance and which may affect its future performance and should be read in conjunction with the condensed consolidated interim financial statements of the Corporation for the three and nine months period ended September 30, 2012 and 2011. The Corporation's 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 the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

Additional information relating to the Corporation can be found at its website at www.midasgoldcorp.com as well as under its profile on SEDAR at www.sedar.com.

## 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 commenced trading on the Toronto Stock Exchange ("TSX") on July 14, 2011 after closing an initial public offering ("IPO") under a prospectus dated June 30, 2011. The corporate office of Midas Gold is located at 1250-999 West Hastings St, Vancouver, BC, V6C 2W2, Canada.

On April 6, 2011, the Corporation executed a transaction (the "Transaction") whereby Midas Gold, Inc. ("MGI") and Vista Gold Corp. ("Vista") contributed their respective Idaho gold assets through a contribution to Midas Gold to form the Golden Meadows Project ("Golden Meadows" or "Project"). Immediately prior to the Transaction, MGI controlled the mineral rights to the Hangar Flats and West End gold deposits in the Stibnite-Yellow Pine District (the "District") and held a royalty interest to the Yellow Pine deposit. Vista controlled the mineral rights to the Yellow Pine deposit adjacent to MGI's properties in the District. Pursuant to the Plan of Share Exchange, on closing of the Transaction, Midas Gold was owned, on a diluted basis, 65% by the shareholders of MGI and 35% by Vista, excluding any contemporaneous or subsequent financings. On closing of the transaction, Midas Gold issued 30,402,615 shares to a subsidiary of Vista and 48,412,000 shares to the former shareholders of MGI. Contemporaneously, Midas Gold issued 6,129,800 shares in a private placement priced at C$2.50 per share for gross proceeds of C$15,324,500 ($15,958,034).

The Transaction between Midas Gold and MGI did not result in a significant change in the ownership interests of those entities and the acquisition was accounted for as a continuity of interests maintaining the carrying amount of the entities. Accordingly, this MD&A has been prepared to reflect the financial position and results of operations as if these entities had been consolidated since their inception.

## QUARTERLY HIGHLIGHTS

During the three month period ended September 30, 2012, the Corporation continued its exploration program at Golden Meadows and results of the program reported to date are available on the Corporation's website. In an effort to advance the exploration and evaluation of the Golden Meadows Project, in June 2012, the Corporation completed an update to its mineral resource estimates for each of the three deposits comprising the Project, and these estimates were incorporated into an independent Preliminary Economic Assessment ("PEA"), the results of which were announced on September 4, 2012. The Corporation is now focused on definition and step-out drilling, metallurgical testing, engineering and environmental baseline work in support of a planned updated Preliminary Economic Assessment ("PEA2") or a Pre-Feasibility Study ("PFS") scheduled for completion in 2013, as well as ramping up the exploration programs focused on the discovery of additional deposits.

## 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", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", 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 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 exploration activities on the Corporation's properties;
- 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 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 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 and other objectives concerning the Golden Meadows 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 on the Golden Meadows 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:

- fluctuations in capital markets and share prices;
- the Corporation’s ability to obtain necessary financing to fund the completion of further exploration programs or the development of 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;
- availability of equipment;
- failure of equipment to operate as anticipated;
- accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry;
- the Corporation’s principal property being located in the USA, 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 on the Golden Meadows 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 licences and permits;
- currency fluctuations (particularly the Canadian dollar and United States dollar); and
- estimates used in the Corporation’s financial statements proving to be incorrect.

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.

## RESULTS OF OPERATIONS

### Net Loss and Comprehensive Loss

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| **EXPENSES** | | | | |
| Salaries and benefits | $ 203,050 | $ 232,984 | $ 633,508 | $ 365,452 |
| Professional fees | 93,329 | 34,491 | 189,694 | 332,107 |
| Travel and related costs | 136,029 | 127,695 | 296,715 | 234,609 |
| Consulting | 16,884 | 45,497 | 58,196 | 104,531 |
| Share based compensation | 933,247 | 2,090,087 | 4,548,200 | 5,754,212 |
| Shareholder and regulatory | 26,346 | 291,490 | 197,406 | 311,698 |
| Directors fees | 62,840 | 41,586 | 187,152 | 41,586 |
| Office and administrative | 96,730 | 124,619 | 251,333 | 174,914 |
| **OPERATING LOSS** | $ 1,568,455 | $ 2,988,449 | $ 6,362,204 | $ 7,319,109 |
| **OTHER EXPENSES** | | | | |
| Foreign exchange (gain) loss | $ (242,571) | $ 3,881,529 | $ (511,461) | $ 3,971,518 |
| Interest income | (42,817) | (113,493) | (152,257) | (156,605) |
| Total other (income) expenses | $ (285,388) | $ 3,768,036 | $ (663,718) | $ 3,814,913 |
| **NET LOSS AND COMPREHENSIVE LOSS** | $ 1,283,067 | $ 6,756,485 | $ 5,698,486 | $ 11,134,022 |

Net loss and comprehensive loss for Midas Gold for the three month period ending September 30, 2012 was $1.3 million or $0.01 per common share, compared with $6.8 million or $0.07 loss per share for the corresponding period of 2011. This $5.5 million reduction is primarily attributable to a decrease in share based compensation of $1.2 million and a decrease in foreign exchange loss of $4.1 million.

For the three months ended September 30, 2012, the Corporation's main focus was the exploration and evaluation program at the Project, including completion of the PEA. During the comparative quarter in 2011, the Corporation's main focus was the closing of the IPO, the concurrent listing of Midas Gold's common shares on the TSX and the ramping up of exploration and evaluation at the Project.

An analysis of each line item is as follows:

**Salaries and Benefits**

This expense results from salaries and benefits of the employees that are not directly related to the exploration and evaluation of Golden Meadows. The salaries and benefits in the current quarter are similar compared to the prior quarter. This expense year-to-date is higher than the prior year, due to additional staff performing corporate roles that joined the Corporation in mid-2011 to manage its obligations as a public company following the listing on the TSX and the Corporation's significantly increased level of activity.

**Professional Fees**

This expense relates to the legal and accounting costs of the Corporation. The legal fees expensed in the current quarter are higher compared to the prior quarter primarily due to increased general and corporate legal counsel. The legal fees are significantly higher in the first nine months of 2011 as the Corporation prepared for the Transaction on April 6, 2011.

**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. This expense has increased in the quarter and year-to-date when compared to the previous year as a result of additional travel that was required between the Corporation's head office in Vancouver, BC, its exploration office in Spokane, WA, the field office in McCall, ID, technical office in Boise, ID, and the Project. There were additional travel costs for management in connection with the marketing of the Corporation to the investing community.

**Consulting**
This expense relates to consulting services provided to the Corporation that do not relate to the exploration and evaluation of Golden Meadows. Consulting costs have decreased in the current quarter when compared to the prior quarter; most consulting expenses for the comparable period were related to the increased corporate activity. Consulting costs are higher in the first nine months of the prior year as a result of the consulting work performed in relation to the Corporation's Transaction on April 6, 2011.

**Share Based Compensation**
This expense is due to the compensation of directors, officers, employees and consultants that are share based and not directly related to the exploration and evaluation of Golden Meadows. This expense is lower for the current quarter when compared to the prior year as there were fewer options granted in the current year. 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 period ended September 30, 2012.

**Shareholder and Regulatory**
This expense is associated with marketing, licenses and fees, and shareholder communications. This expense has decreased in the quarter and year-to-date when compared to the prior year as a result of the Corporation's TSX listing in the prior year. The main expenses for the current quarter were the annual TSX fees and regulatory filing fees.

**Directors Fees**
Effective August 1, 2011, each of the Corporation's independent directors were entitled to annual base fee of C$24,000, paid in quarterly installments, with the Chair of the Board, Chairs of Board Committees and Members of Board Committee receiving additional fees commensurate with each role.

**Office and Administrative**
This expense for the current year is predominantly the maintenance of an office in Vancouver, BC. For the comparative period in the prior year this expense relates to the maintenance of an office in Spokane, WA. After March 31, 2011, the Spokane, WA, office is used in direct support of exploration and evaluation activities and the expense has been capitalized to exploration and evaluation assets. The expense in the current quarter is lower than the previous year as in that period the Vancouver office was set up, incurring additional one off costs. On a year to date basis the prior year cost partially related to the maintenance of Spokane office. The expense for the nine months ended September 30, 2012, was higher than the prior year as a result of the higher costs in Vancouver as compared to a Vancouver/Spokane split.

**Foreign Exchange**
This expense is a result from translation gain on the Corporation's Canadian dollar denominated balances as at September 30, 2012.

**Interest Income**
This income results from interest received on the Corporation's cash balances. This amount decreased in the current quarter as a result of the increased cash balances in USD compared to the prior period as USD interest rates are significantly lower than CAD. On a year to date basis interest income is consistent with the prior year with the decreased interest rate being offset by the increased cash balance.

## Exploration and Evaluation Assets

A summary of additions to exploration and evaluation assets for the three and nine month period ended September 30, 2012 is as follows:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Exploration and Evaluation Acquisition Costs | | | | |
| Mineral claims | $ 228,321 | $ 181,882 | $ 430,325 | $ 764,482 |
| Interest on notes payable | 4,278 | 6,870 | 15,011 | 20,610 |
| Mineral claims acquired from Vista | - | - | - | 79,148,742 |
| Exploration and Evaluation Expenditures | | | | |
| Consulting and labor cost | 2,264,041 | 1,744,236 | 6,940,237 | 5,758,325 |
| Engineering | 1,036,141 | 200,400 | 3,512,988 | 402,204 |
| Geochemistry and geophysics | 809,321 | 260,480 | 1,919,646 | 473,819 |
| Environmental and sustainability | 1,377,254 | 441,347 | 2,982,172 | 661,177 |
| Drilling | 5,707,760 | 3,999,109 | 16,534,586 | 4,645,434 |
| Drilling support | 3,167,190 | 1,400,318 | 9,788,034 | 1,888,358 |
| Prepaid exploration and evaluation | (77,124) | (128,528) | (35,688) | 586,782 |
| **NET ADDITIONS TO EXPLORATION AND EVALUATION ASSETS** | $ 14,517,182 | $ 8,106,114 | $ 42,087,311 | $ 94,349,933 |

An analysis of each line item is as follows:

**Mineral Claims**
This item is due to the costs associated with acquiring mineral claims through staking and option payments towards the acquisition of mineral claims. Annual fees are paid in August each year. The increase in the current quarter resulted from an increase in the land package held by the Corporation. On a year to date basis the prior period included acquisition cost for the Fern Property.

**Interest on Notes Payable**
Interest on Notes Payable relates to two notes payable for the acquisition of mineral claims and a royalty interest. Interest accrues at 3% and interest and principal payments of $0.2 million in total are due on June 2 each year, with the final payment in 2015. The interest for the three month period ended September 30, 2012 is consistent with the comparable period from the prior year.

**Consulting and Labour Cost**
This item is due to costs associated with staffing the Golden Meadows Project. Staffing costs increased in the current quarter and year-to-date when compared to the prior year due to the increased staffing on the Project. In previous years, site work has generally been shut down for the first half of the year. The current quarter includes $0.2 million in share based compensation reflecting the grant of stock options to employees and consultants working on the project.

**Engineering**
These costs are in relation to various studies and evaluations of the Golden Meadows Project. For the nine months ended September 30, 2012, the Corporation's independent engineers were conducting work to support an updated mineral resource that was completed in the quarter ended June 30, 2012 and a Preliminary Economic Assessment completed in the quarter ended September 30, 2012. In addition, various engineering firms in Boise, Idaho have completed preliminary engineering studies related to site logistics and environmental baseline.

**Geochemistry and Geophysics**
These costs relate to the analysis of drill cores, rock and soil samples, and to the geophysical exploration programs completed at Golden Meadows. This expense has increased in the current year as the Corporation completed its first winter drilling program in early 2012.

**Environmental and Sustainability**

In the current quarter and year-to-date these items result from the costs associated with the preparation and review of an Environmental Assessment for future exploration activities. The Corporation is also in the planning phase for the permitting of an operating mine. In the comparable quarter in the prior year, these items relate to the cost associated with the assessment of environmental conditions at Golden Meadows and some voluntary remediation of legacy environmental conditions.

**Drilling**

Drilling costs relate to the exploration and evaluation of mineralized areas at Golden Meadows. Costs incurred in the current quarter relate to continued drilling at Golden Meadows. The costs for the current quarter and year have increased when compared to the prior year as the Corporation did not drill through the winter in 2011.

**Drilling Support**

Drilling support includes the operation of the two camps the Corporation maintains, transportation of people and supplies into Golden Meadows and other costs at Golden Meadows to support drilling operations. This expense for the current year is higher when compared to the prior year as the Corporation had significant activity at Golden Meadows when compared to 2011 after completing its first winter drill program in early 2012.

An analysis of the September 30, 2012 and December 31, 2011 balance sheets of the Corporation is as follows:

**Total Assets**

Total assets increased during the nine months ended September 30, 2012 from $156.5 million to $195.3 million primarily as a result of the private placement which accounted for $37.9 million of the increase. The remainder of the increase relates to cash received on the exercise of options. Throughout 2012, the Corporation used the proceeds from its share offerings to advance the exploration and evaluation of the Golden Meadows Project.

**Equity**

Equity increased during the nine months ended September 30, 2012 from $152.3 million to $190.2 million, primarily as a result of the issuance of shares through a private placement of $37.9 million and recognition of share based compensation of $5.6 million.

**Total Liabilities**

Total liabilities increased during the nine months ended September 30, 2012 from $4.2 million to $5.1 million, primarily as a result of increased trade and other payables as at September 30, 2012 to $4.6 million related to the higher level of activity at Golden Meadows.

**Cash Flows**

Midas Gold's net change in cash and cash equivalents for the quarter and year-to-date was an outflow of $15.9 million and $4.6 million, respectively. The Corporation's received proceeds from financing activities for the quarter was $0.2 million, as a result of stock options exercised. Cash received from financing activities for the year-to-date was $37.9 million, as a result of the issuance of shares through a private placement and through the exercise of options. This inflow from financing activities was offset by outflows from operating and investing activities.

Operating cash outflows for the quarter and year-to-date were $0.9 million and $1.7 million, respectively. Operating cash out flows decreased for the current quarter when compared to the same period in 2011 with the establishment of a Vancouver office and increased corporate activity related to the listing of the Corporation on TSX.

Investing cash flows for the quarter and year-to-date were $15.4 million and $40.9 million, respectively. Investing cash flows increased in the quarter ended September 30, 2012 with the increased exploration and evaluation expenditures that resulted from the 2012 Golden Meadows exploration and evaluation program, which was is substantially larger than in the prior year.

**Use of Proceeds**

The actual use of proceeds, as at September 30, 2012 in comparison to the proposed use of proceeds included in the Corporation's prospectus dated March 8, 2012, is outlined below.

| **Expense Category [1] (in millions)** | **Proposed Use of Proceeds [2]** | **Actual Use of Proceeds** | **Remaining to be Spent / Difference** |
|---|---|---|---|
| Exploration & Evaluation Assets | $ 45.9 | $ 39.0 | $ 6.9 |
| Building & Equipment | 2.5 | 2.1 | 0.4 |
| Notes Payable | 0.2 | 0.2 | - |
| General & Administrative | 2.6 | 1.7 | 0.9 |
| General / Closing Working Capital | 21.5 | 27.9 | (6.4) |
| | $ 72.7 | $ 70.9 | $ 1.8 |

*(1) Expense categories have been consolidated from the March 8, 2012 prospectus for easier reference to this MD&A. For more details refer to the Corporation's prospectus dated March 8, 2012.*

*(2) The proposed use of proceeds is inclusive of spending proposed and under / (over) spent in the Corporation's prospectus dated June 30. The proposed use of proceeds is quoted at an exchange rate of US$1.00 = C$1.00.*

The actual use of proceeds was for the twelve months ended December 31, 2012. The differences above are expected to be spent in the three months ended December 31, 2012. The Corporation has outlined its 2012 expected spending in the 2012 Outlook and Goals section of this MD&A, which is not materially different to what was proposed in the Corporation's prospectus dated March 8, 2012.

## QUARTERLY RESULTS

The net loss and comprehensive loss of Midas Gold for the previous eight calendar quarterly periods:

| **Quarter Ended (All amounts in $)** | **Revenue** | **Net Loss and Comprehensive Loss** | **Basic & Diluted Loss per Share** | **Total Assets** | **Long Term Liabilities** | **Cash Dividend** |
|---|---|---|---|---|---|---|
| September 30, 2012 | - | (1,283,067) | (0.01) | 195,340,848 | 380,875 | |
| June 30, 2012 | - | (1,969,973) | (0.02) | 196,071,222 | 382,259 | - |
| March 31, 2012 | - | (2,445,446) | (0.02) | 194,892,281 | 561,287 | - |
| December 31, 2011 | - | (2,303,700) | (0.02) | 156,467,170 | 562,708 | - |
| September 30, 2011 | - | (6,756,485) | (0.07) | 154,881,865 | 565,723 | - |
| June 30, 2011 | - | (3,401,319) | (0.04) | 114,210,141 | 565,723 | - |
| March 31, 2011 | - | (976,217) | (0.02) | 14,718,974 | 743,421 | - |
| December 31, 2010 | - | (184,371) | (0.01) | 12,880,851 | 743,421 | - |

For the quarter ended September 30, 2012, the net loss and comprehensive loss relates to the decrease in share based compensation and foreign exchange. The increases in the net loss and comprehensive loss for the quarters ended June 30, 2011 and September 30, 2011 is primarily related to the increase in salaries, share based compensation and foreign exchange losses for the period when compared to previous quarters. The increase in total assets in the quarter ended June 30, 2011 is primarily due to the Transaction described in the overview section and the contemporaneous private placement. The increase in total assets in the quarter ended September 30, 2011 is mainly due to the IPO and increase in exploration and evaluation activity. The increase in total assets in the quarter ended March 31, 2012 is primarily due to the private placement.

## CAPITAL RESOURCES AND LIQUIDITY

Capital resources of Midas Gold consist primarily of cash and liquid short-term investments. As at September 30, 2012, Midas Gold had cash totalling approximately $32.6 million, approximately $0.2 million in other current assets and $4.8 million in current liabilities.

As a result of the IPO and preceding private placements, as well as the recent private placement financing, Midas Gold has sufficient funds to further advance the Golden Meadows property and plans to do so by:

- Upgrading the confidence level of the existing mineral resources;
- Conducting economic studies on the defined mineral resources;
- Growing the mineral resource base through exploration; and
- Proceeding with the regulatory process for the mineral resources thus defined.

Midas Gold has long term liabilities of $0.4 million related to the notes payable on the acquisition of mineral claims and the purchase of a royalty interest.

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 sustain its capital expenditures, to fund its exploration and evaluation program and to meet its administrative and overhead requirements for the next twelve months. However, no assurance can be given that these efforts will prove to be successful.

The Corporation's ability to raise funds and continue exploration, evaluation and potential future development activities is directly related to the results of its exploration and evaluation program as well as the price of gold and other potential by-products and general market conditions. If the cost of extracting the mineral resources in the Golden Meadows Project is determined to be viable at some time in the future, and the price of gold and other potential by-products and capital markets remains strong, then the Corporation expects to have limited liquidity issues.

During the nine months ended September 30, 2012, the Corporation generated capital resources of $37.9 million through a private placement financing for special warrants and over-allotment option, and on exercise of stock options and warrants.

**Contractual Obligations**

**Office Rent**

The Corporation has entered into a various lease agreements for office space. The total rent obligation over the next five years is as follows:

| | September 30, 2012 | | |
|---|---|---|---|
| | Within 1 year | Between 2 and 5 years | Total |
| Minimum rental payments | $ 341,835 | $ 688,306 | $ 1,030,141 |

**Mining Claim Assessments**

The Corporation currently holds mining claims on which it has an annual assessment obligation, in order to maintain the claims in good standing, of $194,500. The Corporation is committed to this cost for the indefinite future in order to maintain its title to these claims.

**Options Payments on Mining Claims**

The Corporation is obligated to make option payments on mineral claims comprising the Yellow Pine deposit and the Cinnabar prospect, both of which are part of the Golden Meadows Project, in order to maintain title to these claims. The Option payment for Yellow Pine is $100,000 for 2012 which was paid on October 30, 2012 and the option payments due on the Cinnabar prospect are $100,000 for 2013 through 2017.

## OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements as of September 30, 2012 and the date of this MD&A.

## RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the nine months period ended September 30, 2012, 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:

| | September 30, 2012 | September 30, 2011 |
|---|---|---|
| Salaries and consulting fees | $ 583,916 | $ 262,780 |
| Share based compensation | 1,625,709 | 4,149,963 |
| | $ 2,209,625 | $ 4,412,743 |

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the nine month period ended September 30, 2012 and 2011.

There were no balances outstanding with related parties at September 30, 2012.

## MINERAL PROPERTIES

The technical information in this MD&A has been prepared in accordance with 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 Midas Gold, Richard Moses, C.P.G, Site Operations Manager, and Christopher Dail, C.P.G., Exploration Manager for the Golden Meadows Project. The exploration activities at Golden Meadows in 2011 were carried out under the supervision of Richard Moses, C.P.G, Qualified Person and Site Operations Manager, and Christopher Dail, C.P.G., Qualified Person and Exploration Manager for the Golden Meadows Project. All of Mr. Quin, Mr. Moses and Mr. Dail are "qualified persons" within the meaning of such term in NI 43-101.

For readers to fully understand the technical information in this MD&A, the technical information in this MD&A should be read in conjunction with the technical report entitled "Preliminary Economic Assessment Technical Report for the Golden Meadows Project, Idaho" and dated September 21, 2012 (the "Technical Report") prepared by SRK Consulting (Canada) Inc., an independent firm of consulting engineers and scientists, for the Golden Meadows Project. The Technical Report is available for viewing under the Corporation's website www.midasgoldcorp.com as well as under its profile on SEDAR at www.sedar.com. The technical information in this MD&A and the Technical Report are intended to be read as a whole, and sections should not be read or relied upon out of context. In addition, the technical information in the Technical Report is subject to the assumptions and qualifications contained in such report.

### Golden Meadows Project

The Corporation's property holdings at the Golden Meadows Project are comprised of a contiguous package of unpatented federal lode claims, unpatented mill site claims, patented federal lode claims and patented mill site claims encompassing approximately 10,968 hectares. The Corporation acquired these rights through a combination of transactions and staking.

The Golden Meadows Project includes three known mineral deposits with identified mineral resources. During 2011, 107 holes were completed at the Project, totaling 23,860 meters (m) of drilling and drilling is continuing in 2012, with a total of 161 holes for approximately 41,437m completed between January 1 and September 30, 2012. A summary of each known mineral deposit follows:

**Hangar Flats**

Hangar Flats is a structurally controlled gold deposit hosted in intrusive rocks, with gold associated with sulphides in both the fault zone and adjacent rock defined by historic drilling, the Corporation's drilling and in underground workings. A total of 37 drill holes, consisting of 8,295m of drilling, were completed by the Corporation in 2009 and 2010.

During 2011, 12 drill holes consisting of 4,265m were completed. The drilling program covered an area which begins south of the old caved or closed portals of the historic Meadow Creek Mine and extends about 1,000m north of these portals. The completed drilling covered 1,500m of strike length and a maximum of 500m down dip and drilling resumed in early 2012, and between January 1 and September 30, 2012, 48 holes totaling 13,585m were completed. This drilling focused on in-fill and step-out drilling of the mineral resource area and drilling is continuing.

**West End**

The West End gold deposit has a primary structural control and secondary stratigraphic control, with gold occurring preferentially where certain rock types are cut by the West End or associated faults. From initial discovery until the end of 2010, a total of 729 drill holes had been completed in the West End area and covered 1,300m of strike and a maximum down dip extent of 200m.

During 2011, the Corporation conducted an abbreviated exploration drilling program at West End with the objective of upgrading the confidence level in the existing mineral resources and testing the potential to expand them. During 2011, a total of 9 holes consisting of 1,353m of drilling were completed through December 31, 2011. A total of 28 holes totaling 7,311m was completed during the January 1 to September 30, 2012 period and additional drilling is currently wrapping up for 2012.

**Yellow Pine**

Yellow Pine is a structurally controlled gold deposit hosted in intrusive rocks, with gold associated with sulphides in both the fault zone and adjacent rock. There are six exploration data sets that support the current mineral resource estimation, five of which are historical, with no drilling completed by the Corporation in 2009 or 2010. That drilling covers 1,500m of strike length and a maximum of 400m down dip.

During 2011, the Corporation conducted a drilling program at Yellow Pine with the objective of upgrading the confidence level in the existing mineral resources and expanding them. During 2011, 83 holes were completed as part of this 2011 program, totaling approximately 17,413m. During 2012, from January 1 through September 30, 72 holes totaling 17,722m were completed and drilling is continuing with two drills currently in the Yellow Pine area.

**District Exploration**

During 2011, the Corporation completed a detailed airborne geophysical survey over the mineral claims held as of the date of the IPO and surrounding areas. As a result of the trends and anomalies identified in this survey, the Corporation staked an additional 903 unpatented federal lode mining claims encompassing approximately 7,284 hectares during the second half of 2011, more than doubling the size of the land package at Golden Meadows to its current approximately 10,698 hectares. Additional exploration activities currently underway within the expanded land package include collection of over 3500 soils, silts and rock samples and geologic mapping, as well as ground based geophysical surveys. A total of 4 holes totaling 882m were drilled to test geophysical targets and for condemnation purposes and 8 holes totaling 1,937m were completed in 2012 on the Scout prospect to test for potential gold-silver-antimony mineralization. Significant mineralization was encountered in the Scout drill holes and additional follow-up drilling is planned.

**<u>Environmental and Other Matters Pertaining to Golden Meadows</u>**

The Golden Meadows Project is located in a historic mining district with 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.

For additional disclosure on the Environmental and Other Matters refer to the Corporation's Annual Information Form for the year ended December 31, 2011 and prospectuses dated June 30, 2011 and 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 and reclaimed by the Corporation.

A number of environmental studies and regulatory investigations in the District identified numerous areas of potential environmental degradation related to historic 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 US Forest Service 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 Golden Meadows Project, in order to mitigate potential liabilities related to past disturbance.

**Consent Decrees under CERCLA**

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 held under option 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.

**Plans for the Environmental Issues**

The Corporation expects to address areas of existing environmental concern 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, wildlife and aquatics habitat where practicable and to reduce sediment loads in the Golden Meadows Project area wherever feasible as a component of its ongoing activities, as well as to provide for future mining activities, should they occur.

**Current Activities**

Activities planned for 2012 include low-impact surface drilling. The Corporation does not expect to incur additional CERCLA liability as a result of its current activities.

## 2012 OUTLOOK AND GOALS

During the first nine months of 2012, drilling commenced and continued on site through the period end and 41,437m of drilling were completed, focused on the continued definition and expansion of the existing mineral resources at Golden Meadows. Drilling was split into two phases. Phase 1 wrapped up drilling at Hangar Flats and Yellow Pine originally planned for 2011 and, along with 2010 and 2011 drilling not previously incorporated into the 2011 mineral resource estimate, was used to update the mineral resource estimates for the three known deposits, which estimates were incorporated into an independent PEA the results of which were announced on September 4, 2012 and are detailed in the Technical Report. Phase 2 drilling is focused on definition and step-out drilling at all three deposits in support of a further update to the mineral resource estimates scheduled for 2013. This drilling is intended to more fully define the limits of each deposit and to upgrade the confidence level of a significant portion of the existing inferred mineral resources to the indicated level. Exploration drilling for entirely new deposits is being conducted in parallel with the Phase 2 drilling, and is mostly subject to the granting of additional permits that are currently under review.

In parallel with the 2012 drilling and the PEA discussed above, Midas Gold is advancing the Project towards completion of an updated PEA or a PFS in the second half of 2013 by conducting further metallurgical testing, mine planning, engineering and other study-related work. Meanwhile, the Corporation is continuing to advance its environmental baseline studies and environmental monitoring activities that are being carried out to support of potential future permit applications. In order to carry out these field activities, the Corporation is maintaining its camp, logistics and support services at the Golden Meadows project.

As set out in the prospectus filed March 8, 2012, in 2012 and beyond, the Corporation estimates expenditures (including the Phase 1 and Phase 2 drilling and the additional technical work described above) will total approximately $48.17 million, including $23.75 million on drilling and related activities, $9.26 million on permitting, environmental and regulatory costs, $6.52 million on exploration outside of the three known deposits, and $6.18 million on technical work in support of the PEA scheduled for completion in the third quarter of 2012 and the subsequent PFS. In addition, capital expenditures of $2.46 million are planned to support these activities. This work is planned to carried out on three parallel tracks:

Track 1 - Complete a PEA: This task was completed with the announcement of the results of the PEA on September 4, 2012 and the filing of the Technical Report.

Track 2 - Advance an updated PEA or a PFS: In parallel and overlapping with completion of the PEA, work has been ongoing to advance the Project towards completion of an independent updated PEA or PFS that further optimizes the Project, which study is scheduled for completion in the second half of 2013, based on recommendations contained in the PEA. This work includes Phase 2 drilling to convert remaining inferred mineral resources to higher levels of confidence, to fully define the limits of these deposits, as well as further metallurgical work, engineering and other studies, beyond that being used in the PEA.

Track 3 - Exploration for new deposits: In parallel with and overlapping Tracks 1 and 2and subject to permitting, exploration is being conducted with the objective of discovering new deposits that could materially enhance the Project. This work includes soil, silt and rock sampling, geologic mapping, ground geophysics and, to date, limited drilling at the Scout prospect. Additional drilling is planned subject to permitting.

## 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 financial statements include, among others, the useful lives of buildings and equipment, valuation of assets, recognition of deferred tax assets or liabilities, valuation of share based payments, accounting for acquisitions 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 acquisitions, recognition of deferred tax assets or liabilities, functional currency, expected economic lives of and the estimated future operating results and net cash flows from buildings and equipment and exploration and evaluation assets.

## Changes in Accounting Policies Including Initial Adoption

**Standards Issued but not yet Effective**

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee that are mandatory for accounting periods after December 31, 2011. The Corporation does not expect the standards below to have a material impact on the financial statements, although additional disclosures may be required.

The following Standards are effective for annual periods beginning on or after January 1, 2013:

(i) IFRS 10 - New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities
(ii) IFRS 11 - New standard to account for the rights and obligations in accordance with a joint arrangement
(iii) IFRS 12 - New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39
(iv) IAS 27 – New standard to account for investments at cost or in accordance with IFRS 9 Financial Instruments
(v) IAS 28 - New standard issued that supercedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures
(vi) IFRS 13 - New standard on the measurement and disclosure of fair value

The following Standard is effective for annual periods beginning on or after January 1, 2015:

(i) IFRS 9 - New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and financial liabilities

## FINANCIAL INSTRUMENTS

There has been no significant change in our financial instruments since December 31, 2011.

## OUTSTANDING SHARE DATA

| | November 9, 2012 | September 30, 2012 |
|---|---|---|
| Common shares issued and outstanding | 114,794,136 | 114,776,836 |
| Options outstanding | 9,735,000 | 9,232,300 |
| Warrants outstanding | 1,333,334 | 1,333,334 |
| Total | 125,862,470 | 125,342,470 |

## DISCLOSURE CONTROL AND PROCEDURES AND INTERNAL CONTROL OVER 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 control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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 its DC&P and ICFR and concluded that, as of September 30, 2012, they have been designed effectively to provide reasonable assurance regarding required disclosures and the reliability of external financial reporting.

## CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

NI 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 material changes were made to internal controls in the three months ended September 30, 2012.

## 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. Readers should carefully consider the risks and uncertainties described below, in addition to the risk factors discussed under the heading "Risk Factors" in the Corporation's final prospectus' dated June 30, 2011 and March 8, 2012 available under the Corporation's profile on SEDAR at www.sedar.com, before deciding whether to invest in Midas Gold 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 are inherently forward-looking statements subject to error. Although mineral resource 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.

**Industry Risks**

- Resource exploration and development is a high risk, speculative business.
- Mineral exploration 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.
- 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.
- Exploration activities are subject to geologic uncertainty and inherent variability.
- Mineral exploration in the Western United States is subject to numerous regulatory requirements on land use.
- The quantification of mineral resources is based on estimates and is subject to great uncertainty.
- The recent unprecedented events in global financial markets have had a profound impact on the global economy, in general and on the mining industry in particular.
- Increased operating and capital costs may adversely affect the viability of existing and proposed mining projects.

**Corporation's Risks**

- Midas Gold faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources and may not be able to effectively compete which would have an adverse effect on Midas Gold's financial condition and operations.
- Midas Gold's exploration efforts may be unsuccessful in locating and/or defining viable mineral resources.
- If Midas Gold's mineral resource estimates are not indicative of the actual gold and antimony that can be mined, the mineable gold and antimony that can be recovered from the Golden Meadows Project may be less than the mineral resource estimate and the Golden Meadows Project may not be a viable project.
- 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 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 ability to explore and, if warranted, exploit its mineral resources maybe impacted by consent decrees entered into or proposed to be entered into by previous owners of mineral rights that now comprise the Golden Meadows Project, related to disturbance related to past mining and exploration 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.
- 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 will need to raise additional capital though the sale of its securities, resulting in dilution to the existing shareholders, and if such funding is not available, Midas Gold's operations would be adversely effected.
- 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 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.
- Midas Gold's activities are subject to environmental liability, which would have an adverse effect on its financial condition and operations.
- A shortage of supplies and equipment could adversely affect Midas Gold's ability to operate its business.

## CAUTIONARY NOTE IN RESPECT OF MINERAL RESOURCES

Mineral resources that are not mineral reserves 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 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.

The mineral resources at Golden Meadows are contained within areas that have seen historic disturbance resulting from prior mining activities. In order for Midas Gold to advance its interests at Golden Meadows, the project will be subject to a number of Federal, State and local laws and regulations and will require permits to conduct its activities.

This MD&A and the mineral resource estimates referenced in this MD&A use the terms “Measured Mineral Resources”, “Indicated Mineral Resources”, “Measured & Indicated Mineral Resources” and “Inferred Mineral Resources.” We advise you that, while these terms are defined in and required by Canadian regulations, these terms are not defined terms under the U.S. Securities and Exchange Commission (“SEC”) Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. 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. Midas Gold is not a SEC registered corporation nor is any of its subsidiaries.