



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

The information included in this Management Discussion and Analysis ("MD&A") dated May 14, 2014, is of the operating results and financial condition of Midas Gold Corp. ("Midas Gold" or the "Corporation") for the three month period ended March 31, 2014 compared to the three month period ended March 31, 2013. 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 month periods ended March 31, 2014 and 2013. 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.

The MD&A should be read in conjunction with the consolidated financial statements of Midas Gold Corp. for the year ended December 31, 2013. Additional information relating to the Corporation can be found at its website at [www.midasgoldcorp.com](http://www.midasgoldcorp.com) as well as under its profile on SEDAR at [www.sedar.com](http://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.

### QUARTERLY HIGHLIGHTS

During the three month period ended March 31, 2014, the Corporation continued its exploration and evaluation program at Golden Meadows Project ("Golden Meadows" or "Project") and results of the program reported to date are available on the Corporation's website. The drill results from the 2012 and 2013 drilling will be incorporated in updated mineral resource estimates for all three of the known deposits and, as announced on October 7, 2013, a mineral resource estimate for the tailings from prior operating periods. All estimates will be incorporated into an independent Pre-feasibility Study ("PFS") that is due for completion in mid-2014, along with results of extensive environmental baseline data collection, metallurgical testing, and engineering studies. The Corporation plans to use the PFS as the basis to commence permitting on the Project with the filing of a Plan of Operations in late 2014, should results of the PFS and other circumstances warrant. In support of that objective, engineering and regulatory efforts continued in 2014 to prepare for the potential filing of the Plan of Operations.

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



In consideration for arranging a portion of the private placement, the Corporation paid finder's fees to certain arm's length parties consisting of: (i) cash commission in the aggregate amount of \$369,675; and (ii) a total of 410,750 finder's options ("Finder's Options"). Each Finder's Option entitles the holder to acquire one Unit at a price per Unit of C\$0.99 for a period of two years.

## **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 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 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 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 consolidated 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.

## **2014 OUTLOOK AND GOALS**

The core objective of the Corporation is to complete an updated comprehensive evaluation of the economic potential of the Golden Meadows Project through the completion of a PFS, building on the results of the PEA that was published in September 2012. Key areas of on-going activity include:



1. **Expanded mineral resource estimation process** - In order to provide data necessary for the optimization of metallurgical processing, balance the throughput of different types of mineralization and to ensure the applicability of the various historic data sets, the time frame for the completion of the expanded mineral resource estimates is around mid-year.
2. **Mine plan optimization** - In order to reduce its environmental footprint, Midas Gold has elected to forgo incorporation of certain of the high strip, lower margin mineral resources, as well as phasing mining within individual pits to balance different feed types and to support in-pit placement of waste rock. Mine planning for the remainder of the mineral resources is on-going.
3. **Employment** - Midas Gold continues to optimize employment aspects for the potential future mine, and has identified a number of functions that can be located within local communities during the operating phase, allowing employees to work from home and reducing camp size.
4. **Fish habitat protection and enhancement** - A major focus for the Corporation continues to be the evaluation of options to mitigate potential impacts on water quality, to design concepts to enhance water quality and fish habitat, and to deliver same earlier in the project schedule; this work is ongoing.
5. **Recycling historic tailings and spent ore** - In order to address legacy disturbance from historic mining early in the project life, Midas Gold has developed plans to utilize the spent heap leach ore for construction purposes and reprocess the historic tailings early in the project schedule; optimization of these opportunities continues.
6. **Relocated project infrastructure** - With the objective of reducing potential impacts on or risks to the environment and local communities, Midas Gold has identified a new preferred access route, a new preferred process plant location, and has elected to utilize grid power for the project; the Corporation continues to optimize infrastructure options.
7. **Materials handling** - Based on testing and option analysis, Midas Gold has elected to utilize a jaw crusher as its preferred first stage comminution, and to use trucks to haul materials; other opportunities to minimize costs, impact and risk continue to be evaluated.
8. **Processing enhancements** - Extensive metallurgical testing has allowed Midas Gold to identify options for enhanced overall recoveries, to eliminate the capital and operating cost associated with acidulation and to provide for extended operating hours on an annual basis. Remaining test work will be completed in Q2/14, and all results will be integrated into the PFS.
9. **Concentrate oxidation** - Supported by extensive testing and trade-off studies, Midas Gold has determined to retain pressure oxidation as the preferred method of concentrate oxidation due to its better environmental and financial performance, and has identified opportunities to reduce neutralization costs; optimization of these options continues.
10. **Secondary antimony processing** - Recently completed test work has demonstrated the potential for production of antimony end products within the US, as opposed to shipping concentrates overseas. Midas Gold continues to evaluate options to maximize potential byproduct values.

With the additional funding in place from the March 2014 private placement, the Corporation continues to balance the timing and prioritization of expenditures, looking to reduce costs while still delivering the Corporation's major objectives in a timely and cost effective manner. The major corporate objectives remain:

1. Completion of a PFS in 2014; and
2. Completion and filing of a draft Plan of Operations thereafter, should result of the PFS and other circumstances warrant.

With its current financial position, Midas Gold believes that it has sufficient funding to meet the above objectives.



## RESULTS OF OPERATIONS

### Net Loss and Comprehensive Loss

	Three Months Ended	
	March 31, 2014	March 31, 2013
<b>EXPENSES</b>		
Consulting	\$ -	\$ 25,279
Directors' fees	56,483	61,959
Office and administrative	73,502	79,068
Professional fees	50,530	57,228
Salaries and benefits	219,317	228,054
Share based compensation	146,466	629,905
Shareholder and regulatory	123,083	139,307
Travel and related costs	29,684	55,160
<b>OPERATING LOSS</b>	<b>\$ 699,065</b>	<b>\$ 1,275,960</b>
<b>OTHER EXPENSES</b>		
Change in fair value of warrant derivative	\$ 118,573	\$ -
Foreign exchange loss	128,199	94,423
Interest income	(15,720)	(15,266)
Total other expenses	\$ 231,052	\$ 79,157
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 930,117</b>	<b>\$ 1,355,117</b>

Net loss and comprehensive loss for Midas Gold for the three month period ending March 31, 2014 was \$0.9 million or \$0.01 per common share, compared with \$1.4 million or \$0.01 loss per share for the corresponding period of 2013. This \$0.5 million reduction is primarily attributable to a decrease in share based compensation of \$0.5 million.

As noted above, for the three months ended March 31, 2014, the Corporation's main focus was the exploration and evaluation program at Golden Meadows.

An analysis of each line item is as follows:

#### **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 comparative quarter; most of the consulting expenses for the comparative quarter were related to salary compensation surveys, which were not performed in the current quarter.

#### **Directors' Fees**

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. This expense is consistent with the comparative quarter.

#### **Office and Administrative**

This expense for the current quarter is predominantly the maintenance of an office in Vancouver, BC. The expense in the current quarter is consistent with the comparative quarter.

#### **Professional Fees**

This expense relates to the legal and accounting costs of the Corporation. The legal fees expensed in the current quarter are consistent with the comparative quarter.

**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 to the comparative quarter.

**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 comparative quarter as there were fewer options that vested in the 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 period ended March 31, 2014.

**Shareholder and Regulatory**

This expense is associated with marketing, licenses and fees, and shareholder communications. This expense has decreased in the current quarter when compared to the comparative quarter as a result of decreased listing fees.

**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 decreased in the quarter when compared to the comparative quarter as a result of less travel between the Corporation's head office in Vancouver, BC, its former exploration office in Spokane, WA, the field office in Lake Fork, ID, technical office in Boise, ID, and the Project. The exploration office in Spokane, WA was closed in 2013.

**Change in Fair Value of Warrant Derivative**

The Corporation issued warrants in the second quarter of 2013 and additional warrants and finder's options as part of a private placement in the first quarter of 2014 with an exercise price denominated in Canadian dollars. The Corporation determined that warrants and finder's options 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.

**Foreign Exchange**

This expense is a result from translation loss on the Corporation's Canadian dollar denominated balances as at March 31, 2014. Foreign exchange expense has increased from the comparative quarter due to the declining 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 in the current quarter is similar to the comparative quarter.



## **Exploration and Evaluation Assets**

A summary of additions to exploration and evaluation assets for the three month periods ended March 31, 2014 and 2013 is as follows:

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Acquisition Costs		
Interest on notes payable	\$ 2,831	\$ 4,185
Exploration and Evaluation Expenditures		
Consulting and labour cost	1,097,469	1,842,785
Drilling	-	1,954,120
Field office and drilling support	700,596	1,893,481
Engineering	929,961	315,522
Environmental and sustainability	723,472	751,975
Geochemistry and geophysics	(9,167)	102,739
Prepaid exploration and evaluation	(24,701)	9,711
<b>NET ADDITIONS TO EXPLORATION AND EVALUATION ASSETS</b>	<b>\$ 3,420,461</b>	<b>\$ 6,874,518</b>

An analysis of each line item is as follows:

### **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 March 31, 2014 is consistent with the comparative quarter.

### **Consulting and Labour Cost**

This item is due to costs associated with staffing the Project. Staffing costs decreased in the current quarter when compared to the comparative quarter due to the decreased staffing on the Project. The current quarter includes \$0.2 million (2013 - \$0.4 million) in share based compensation reflecting the grant of stock options to employees and consultants working on the project.

### **Drilling**

Drilling costs relate to the exploration and evaluation of mineralized areas at Golden Meadows. There was no drilling in the current quarter while there were 2 drill rigs operating in the comparative quarter.

### **Field Office and Drilling Support**

Field Office and 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 as well as other exploration and field activities. This expense for the current quarter is lower than the comparative quarter as the Corporation had decreased activity at Golden Meadows, with no drilling during the current period.

### **Engineering**

These costs are in relation to various studies and evaluations of the Project. For the quarter ended March 31, 2014, the Corporation's independent consultants continued work to support a Pre-Feasibility Study ("PFS"). The comparative quarter had a lower level of engineering and resource estimation.

### **Environmental and Sustainability**

In the current quarter, these items result from the costs associated with the collection of environmental baseline information for potential future operations and voluntary remediation of legacy environmental conditions. The Corporation is in the planning phase for the permitting of an operating mine. In the comparative quarter, environmental



costs predominantly related to the assessment of environmental conditions at Golden Meadows and some voluntary remediation of legacy environmental conditions. The costs in the current quarter are similar to the comparative quarter.

### **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 decreased in the current year as there was no drilling, which resulted in no sampling of new core, but some additional samples were collected from previously drilled core for analysis.

An analysis of the March 31, 2014 and December 31, 2013 balance sheets of the Corporation is as follows:

### **Total Assets**

Total assets increased during the three months ended March 31, 2014 from \$201.4 million to \$211.6 million primarily as a result of cash raised from the March 2014 Private Placement and costs related to exploration and evaluation of the Project.

### **Equity**

Equity increased during the three months ended March 31, 2014 from \$198.1 million to \$207.0 million, primarily as a result of the issuance of shares through the Private Placement for gross proceeds of \$11.5 million and the recognition of share based compensation of \$0.4 million.

### **Total Liabilities**

Total liabilities increased during the three months ended March 31, 2014 from \$3.4 million to \$4.6 million, primarily as a result of the issuance of the Finder's Options and warrants from the Private Placement that are classified as warrant derivatives.

### **Cash Flows**

Midas Gold's net change in cash and cash equivalents for the three months ended March 31, 2014 and 2013 was an inflow of \$7.1 million and outflow of \$9.7 million, respectively. In the current quarter, net cash received from financing activities for was \$11.0 million, as a result of the issuance of shares through a private placement and through the exercise of options. There were no financing activities in the comparative quarter.

Operating cash outflows for the three months ended March 31, 2014 and 2013 were \$0.2 million and \$0.8 million, respectively. Operating cash out flows decreased for the current quarter when compared to the comparative quarter due to the decreased level of corporate activity.

Investing cash flows for the three months ended March 31, 2014 and 2013 were \$3.6 million and \$8.9 million, respectively. Investing cash flows decreased in the quarter ended March 31, 2014 as a result of the decreased levels of activity at the Golden Meadows Project compared to the comparative quarter, primarily as a result of no drilling being undertaken in the current quarter.





## QUARTERLY RESULTS

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

Quarter Ended	Revenue	Net Loss and Comprehensive Loss	Basic & Diluted Loss per Share	Total Assets	Long Term Liabilities	Cash Dividend
March 31, 2014	-	(930,117)	(0.01)	211,640,086	2,579,496	-
December 31, 2013	-	(710,846)	(0.01)	201,415,074	918,877	-
September 30, 2013	-	(748,012)	(0.01)	202,582,489	1,165,302	-
June 30, 2013	-	(981,591)	(0.01)	192,371,819	972,728	-
March 31, 2013	-	(1,355,117)	(0.01)	192,759,053	378,138	-
December 31, 2012	-	(1,481,281)	(0.01)	195,821,058	379,491	-
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	-

The increase in the net loss and comprehensive loss for the quarter ended March 31, 2014 is primarily related to the increased share based compensation for the period when compared to the previous two quarters. The decrease in net loss and comprehensive loss for the current quarter compared to the quarters ended June 30, 2012, September 30, 2012, December 31, 2012 and March 31, 2013 is due to the decreased share based compensation expense. The increase in long term liabilities in the second, third and fourth quarters of 2013 and first quarter of 2014 is the result of issuing and revaluing the warrant derivative.

## CAPITAL RESOURCES AND LIQUIDITY

Capital resources of Midas Gold consist primarily of cash and liquid short-term investments. As at March 31, 2014, Midas Gold had cash totalling approximately \$21.7 million, approximately \$0.1 million in other current assets and \$1.9 million in trade and other payables.

Midas Gold has sufficient funds to further advance Golden Meadows and plans to do so by:

- Continuing to upgrade the confidence level of the existing mineral resources;
- Continuing to undertake technical, economic and trade-off studies, including a Pre-Feasibility Study, on the defined mineral resources;
- Growing the mineral resource base through exploration; and
- Proceeding with the regulatory process for the mineral resources thus defined, assuming results justify such a step.

Midas Gold has long term liabilities of \$2.6 million related to the notes payable (\$0.2 million) on the acquisition of mineral claims and the warrant derivative (\$2.4 million). There are no circumstances under which Midas Gold will be required to pay any cash upon exercise or expiry of the warrants or Finder's Options.

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 Golden Meadows project through 2016 and to meet its administrative and overhead requirements.



## **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:

	<b>March 31, 2014</b>		
	<b>Within 1 year</b>	<b>Between 2 and 5 years</b>	<b>Total</b>
Minimum rental payments	\$ 263,483	\$ 313,738	\$ 577,221

### **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 \$195,000. The Corporation is committed to this annual obligation 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 Cinnabar prospect, of which is part of the Project, in order to maintain title to these claims. The remaining option payments due on the Cinnabar prospect are \$100,000 for each year from 2014 through 2017.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Corporation has no off balance sheet arrangements as of March 31, 2014 and the date of this MD&A.

## **RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

During the three month period ended March 31, 2014, 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:

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Salaries and consulting fees	\$ 250,079	\$ 265,389
Share based compensation	79,388	309,057
	<b>\$ 329,467</b>	<b>\$ 574,446</b>

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three month period ended March 31, 2014 and 2013.

There were no balances outstanding with related parties at March 31, 2014.

## **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, Robert Barnes, P. Eng., Chief Operating Officer of Midas Gold, Richard Moses, C.P.G., Site Operations Manager for the Project, and Christopher Dail, C.P.G., Exploration Manager for the Project. The exploration activities at Golden Meadows in 2013 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 Project. All of Mr. Quin, Mr. Barnes, 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 Project. The Technical Report is available for viewing under the Corporation's website [www.midasgoldcorp.com](http://www.midasgoldcorp.com) as well as under its profile on SEDAR at [www.sedar.com](http://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 four known mineral deposits with identified mineral resources. During 2011, 107 holes were completed at the Project, totaling 23,860m of drilling. During 2012, the Corporation completed 50,546m of core, sonic, RC, geotechnical and monitor well drilling in 235 holes. During 2013, a total of 123 holes were completed on the project totalling approximately 11,655m. This included 61 core holes and 62 auger, geotechnical, water well and environmental monitoring boreholes. The 2013 core drilling primarily focused on confirming and refining the interpretation of portions of the Yellow Pine, West End and Hangar Flats deposits to improve confidence in continuity of grade, thicknesses and spatial distribution of gold, silver and antimony mineralization, to provide additional samples for metallurgical testing and for geotechnical and environmental monitoring purposes. This program also included a 42-hole hollow stem auger drilling program evaluating the potential for the reprocessing of historic tailings located on the Project leading to an initial resource estimate for those materials that was announced on October 28, 2013.

During the first quarter 2014, no drilling was conducted; the principal focus for Midas Gold's personnel has been updating mineral resource estimates and advancing the project towards completion of a PFS. Site environmental monitoring and environmental maintenance activities continued through the quarter.

### **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. Since the initial discovery of a broader mineral resource in 2009, the Company has completed 126 core and reverse circulation ("RC") holes in order to define and improve the confidence of mineral resources in the deposit, an additional 10 holes totalling approximately 1,016m to provide geotechnical and environmental baseline information. No drilling was completed at Hangar Flats in the current quarter.

### **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 2009 through the end of 2013, 54 holes totalling approximately 12,060m have been completed including 50 RC and core holes totalling approximately 11,701m directed towards resource definition and 5 holes totalling 321m for geotechnical engineering and baseline environmental purposes. No drilling was completed at West End in the current quarter.

### **Yellow Pine**

Yellow Pine is a structurally controlled gold deposit hosted in intrusive rocks and, to a lesser extent in metasedimentary rocks, with gold associated with sulphides in both the fault zones and adjacent rocks. 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. During 2011, the Corporation initiated a drilling program at Yellow Pine with the objective of confirming historic drilling, developing and upgrading the confidence level in, and expanding, the existing mineral resources. Since initiation of drilling in 2011, the Corporation has completed approximately 46,305m in 228 holes at the Yellow Pine Deposit. This total includes 213 core and RC holes totalling approximately 45,715m directed at resource



definition and metallurgical sample collection and 15 holes totalling approximately 590m for baseline environmental and geotechnical purposes. No drilling was completed at Yellow Pine in the current quarter.

### **Historic Tailings**

The historic tailings from past sulphide milling operations have been tested over an area extending approximately 800m by 400m and the materials may be amenable to recovery and a mineral resource estimate was completed after completion of a 42-hole hollow stem auger drilling program on a grid across the tailings site this season, with the estimate announced on October 28, 2013. No additional drilling has been completed since that time.

### **District Exploration**

Midas Gold submitted a Plan of Operations (“PoO”) to the US Forest Service in November 2011, amended in January 2012, related to ongoing exploration of the Golden Meadows Project. After receiving the PoO, the US Forest Service initiated environmental analyses pursuant to the regulations governing mining on federal lands, including the National Environmental Policy Act (“NEPA”). The US Forest Service issued an Environmental Assessment (“EA”) for public review and comment in May 2012 and signed a Decision Notice and Finding of No Significant Impact (“DN/FONSI”) in October 2012. On appeal, the Payette Forest Supervisor vacated the DN/FONSI, and requested that additional information be collected to verify the agency’s original conclusions. In response, the US Forest Service conducted additional research and revised the EA accordingly. In April 2013, the US Forest Service published a draft revised EA for public comment and in July 2013 released its final EA and a draft DN/FONSI concluding that the proposed exploration activity will not cause significant impacts to the environment. In September 2013, the US Forest Service received objections and subsequently consulted with the objectors in order to seek resolution of their concerns. The DN/FONSI was issued in December 2013. On April 22, 2014, plaintiffs filed a complaint in US District Court for the District of Idaho (the “Court”) against the US Forest Service, and other federal agencies, challenging the EA and DN/FONSI, alleging NEPA and Endangered Species Act violations. The plaintiffs’ claims are asserted under the authority and criteria for federal court review of federal agency action under the Administrative Procedure Act. Midas Gold subsequently filed a Motion to Intervene with the Court.

During the first quarter of 2014, the Corporation completed minimal on-site exploration due to winter conditions.

During the first quarter 2014, resource estimation activities and geologic compilation work continued in support of a planned PFS.

### **Environmental and Other Matters Pertaining to Golden Meadows**

The 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, 2013, 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 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 U.S. 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 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 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 Idaho Gold Resources and contributed to Midas Gold are subject to a consent decree between the previous owner of those claims and the United States, which creates certain obligations on that previous owner, including that the previous 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 aquatic habitat where practicable and to reduce sediment loads in the Project area wherever feasible as a component of its ongoing activities, as well as to provide 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 and warrant derivative, 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 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**

#### **Accounting Standards Issued but not yet Effective**

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee that are effective for annual periods beginning on or after January 1, 2015. The Corporation does not expect the below standard to have a material impact on the consolidated financial statements, although additional disclosures may be required.



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

Effective January 1, 2014, the Corporation adopted the below standards and there was no material impact on the consolidated financial statements:

- (i) IFRIC 21 - is an interpretation on IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy;
- (ii) IAS 36 - The IASB published amendments to the disclosures required by IAS 36, when the recoverable amount is determined based on fair value less costs of disposal;
- (iii) IAS 32 – The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities to the balance sheet.

## FINANCIAL INSTRUMENTS

The Corporation's cash balance increased from \$14,589,264 at December 31, 2013 to \$21,682,436 at March 31, 2014. There has been no other significant change in our financial instruments since December 31, 2013 with the exception of the warrant derivative which were discussed in Results of Operations.

## OUTSTANDING SHARE DATA

	May 14, 2014	March 31, 2014
Common shares issued and outstanding	141,705,090	141,705,090
Options outstanding <sup>(1)</sup>	11,854,417	11,854,417
Warrants outstanding <sup>(2)</sup>	10,622,519	10,622,519
Total	164,182,026	164,182,026

<sup>(1)</sup> Options outstanding include 410,750 Finder's Options that are exercisable into a Unit.

<sup>(2)</sup> Warrants outstanding include 205,375 warrants that become outstanding on the exercise of the Finder's Options.

## 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* (1992) 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 and operating effectiveness of its DC&P and ICFR and concluded that, as of March 31, 2014, 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 Company's ICFR in the three months ended March 31, 2014 which have materially affected, or are reasonably likely to materially affect, ICFR.

## **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. 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 short form prospectus dated March 8, 2012, each available under the Corporation's profile on SEDAR at [www.sedar.com](http://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. 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.

### **Industry Risks**

- Metal prices have fluctuated widely in the past and are expected to continue to do so in the future, which may adversely affect the amount of revenues derived from production of mineral reserves.
- Global financial markets can have a profound impact on the global economy, in general and on the mining industry in particular.
- Mineral exploration in the Western United States is subject to numerous regulatory requirements on land use.
- 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.
- Exploration activities are subject to geologic uncertainty and inherent variability.
- The quantification of mineral resources 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.



## **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.
- 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 Golden Meadows 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's EA and DN/FONSI have been challenged by third parties, alleging NEPA and Endangered Species Act violations, which may delay or prevent the Corporation from meeting its objectives.
- 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 exploration efforts may be unsuccessful in locating viable mineral resources.
- If Midas Gold's mineral resource estimates are not indicative of the actual gold that can be mined, the mineable gold that can be recovered from Golden Meadows may be less than the mineral resource estimate and the 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's ability to explore and, if warranted, exploit its mineral resources 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.

## **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.

### **CAUTIONARY NOTE IN RESPECT OF PRELIMINARY ECONOMIC ASSESSMENTS**

Readers should note that the PEA mine plan and economic model referred to herein are preliminary in nature and include the use of inferred mineral resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered to be too speculative geologically to be used in an economic analysis except as allowed for by NI 43-101 in preliminary economic assessment studies. There is no guarantee that inferred mineral resources can be converted to indicated or measured mineral resources and, as such, there is no certainty the Project economics described in the PEA will be realized. The inferred mineral resource used in the PEA mine plan is 37% of the total life-of-mine mineral resource.