



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX AND THREE MONTHS ENDED JUNE 30, 2016 AND 2015**  
(Expressed in US Dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

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

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

	<u>Notes</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u> <b>(Note 3)</b>	<u>January 1, 2015</u> <b>(Note 3)</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		\$ 42,159,157	\$ 4,502,325	\$ 9,622,499
Trade and other receivables		11,265	5,676	7,029
Prepaid expenses		456,836	265,742	305,494
		<u>\$ 42,627,258</u>	<u>\$ 4,773,743</u>	<u>\$ 9,935,022</u>
<b>NON-CURRENT ASSETS</b>				
Buildings and equipment		\$ 1,325,826	\$ 1,909,410	\$ 2,985,208
Exploration and evaluation assets	5	69,901,935	69,886,755	69,501,156
Reclamation Bond		-	18,000	18,000
		<u>\$ 71,227,761</u>	<u>\$ 71,814,165</u>	<u>\$ 72,504,364</u>
<b>TOTAL ASSETS</b>		<u>\$ 113,855,019</u>	<u>\$ 76,587,908</u>	<u>\$ 82,439,386</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables		\$ 500,190	\$ 561,144	\$ 934,516
Current portion of note payable		-	-	194,177
Warrant derivative <sup>(i)</sup>	6	3,457,854	284,572	456,350
		<u>\$ 3,958,044</u>	<u>\$ 845,716</u>	<u>\$ 1,585,043</u>
<b>NON-CURRENT LIABILITIES</b>				
Convertible notes	7	\$ 19,070,334	-	-
Convertible note derivative <sup>(ii)</sup>	8	54,368,476	-	-
		<u>\$ 73,438,810</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>		<u>\$ 77,396,854</u>	<u>\$ 845,716</u>	<u>\$ 1,585,043</u>
<b>EQUITY</b>				
Share capital	9	\$ 222,098,023	\$ 217,913,718	\$ 212,649,668
Equity reserve	9	21,785,878	21,414,405	20,867,078
Deficit		(207,425,736)	(163,585,931)	(152,662,403)
<b>TOTAL EQUITY</b>		<u>\$ 36,458,165</u>	<u>\$ 75,742,192</u>	<u>\$ 80,854,343</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 113,855,019</u>	<u>\$ 76,587,908</u>	<u>\$ 82,439,386</u>

**Footnotes:**

- (i) The warrant derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants or options. See Note 6.
- (ii) The convertible note derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes. See Note 8.

**Midas Gold Corp.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

For the six and three months ended June 30, 2016 and 2015

(Expressed in US dollars)

	Notes	Three Months Ended		Six Months Ended	
		June 30, 2016	June 30, 2015 (Note 3)	June 30, 2016	June 30, 2015 (Note 3)
<b>EXPENSES</b>					
Consulting		\$ 1,000	\$ -	\$ 3,371	\$ -
Depreciation		282,909	313,646	565,973	626,511
Directors' fees		23,953	54,066	56,553	115,604
Exploration and evaluation	10	1,631,103	2,235,418	3,125,088	4,069,689
Office and administrative		47,058	85,605	152,399	153,172
Professional fees		23,325	20,855	59,361	61,344
Salaries and benefits		150,197	216,059	403,512	411,289
Share based compensation		228,820	61,845	379,933	441,469
Shareholder and regulatory		58,731	77,382	148,213	205,749
Travel and related costs		39,024	37,213	60,389	87,815
<b>OPERATING LOSS</b>		<u>\$ 2,486,120</u>	<u>\$ 3,102,089</u>	<u>\$ 4,954,792</u>	<u>\$ 6,172,642</u>
<b>OTHER (INCOME) EXPENSES</b>					
Change in fair value of warrant derivative <sup>(i)</sup>	6	\$ 3,036,575	\$ (278,181 )	\$ 3,289,946	\$ (442,110 )
Change in fair value of convertible note derivative <sup>(ii)</sup>	8	34,340,881	-	34,568,055	-
Finance Costs	11	500,621	-	1,113,622	-
Foreign exchange loss (gain)		21,492	(3,659)	(57,186)	33,657
Interest income		(27,272 )	(4,134 )	(29,424 )	(17,055 )
Total other expenses		<u>\$ 37,872,297</u>	<u>\$ (285,974)</u>	<u>\$ 38,885,013</u>	<u>\$ (425,508)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<u>\$ 40,358,417</u>	<u>\$ 2,816,115</u>	<u>\$ 43,839,805</u>	<u>\$ 5,747,134</u>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>		<u>\$ 0.23</u>	<u>\$ 0.02</u>	<u>\$ 0.26</u>	<u>\$ 0.04</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED</b>	9	<u>175,919,958</u>	<u>150,321,483</u>	<u>169,608,687</u>	<u>146,037,089</u>

**Footnotes:**

- (i) The warrant derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants or options. See Note 6.
- (ii) The convertible note derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes. See Note 8.

**Midas Gold Corp.**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

**For the six months ended June 30, 2016 and 2015**

**(Expressed in US dollars except for number of shares)**

	<u>Note</u>	<u>Share Capital</u>		<u>Equity Reserve</u>	<u>Deficit</u>	<u>Total</u>
		<u>Shares</u>	<u>Amount</u>			
<b>BALANCE, January 1, 2015 (Note 3)</b>		141,705,090	\$ 212,649,668	\$ 20,867,078	\$ (152,662,403)	\$ 80,854,343
Share based compensation	9	-	-	441,468	-	441,468
Shares issued in private placement		19,124,190	5,264,050	-	-	5,264,050
Exercise of options		-	-	-	-	-
Net loss and comprehensive loss for the year		-	-	-	(5,747,134)	(5,747,134)
<b>BALANCE, June 30, 2015 (Note 3)</b>		<u>160,829,280</u>	<u>\$ 217,913,718</u>	<u>\$ 21,308,546</u>	<u>\$ (158,409,537)</u>	<u>\$ 80,812,727</u>

	<u>Note</u>	<u>Share Capital</u>		<u>Equity Reserve</u>	<u>Deficit</u>	<u>Total</u>
		<u>Shares</u>	<u>Amount</u>			
<b>BALANCE, January 1, 2016</b>		160,829,280	\$ 217,913,718	\$ 21,414,405	\$ (163,585,931)	\$ 75,742,192
Share based compensation	9	-	-	379,933	-	379,933
Shares issued in private placement net of issue costs	9	14,996,887	3,873,411	-	-	3,873,411
Exercise of options		67,500	24,708	(8,460)	-	16,248
Exercise of warrants		367,500	286,186	-	-	286,186
Net loss and comprehensive loss for the year		-	-	-	(43,839,805)	(43,839,805)
<b>BALANCE, June 30, 2016</b>		<u>176,261,167</u>	<u>\$ 222,098,023</u>	<u>\$ 21,785,878</u>	<u>\$ (207,425,736)</u>	<u>\$ 36,458,165</u>

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

	Notes	Three Months Ended		Six Months Ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>OPERATING ACTIVITIES:</b>					
Net loss		\$ (40,358,417)	\$ (2,816,115)	\$ (43,839,805)	\$ (5,747,134)
Adjustments for:			(Note 3)		(Note 3)
Share based compensation		228,820	61,845	379,933	441,469
Depreciation		282,909	313,646	565,973	626,511
Finance costs	7	500,621	-	1,113,622	-
Loss on disposal of buildings and equipment		-	-	7,252	-
Change in fair value of warrant derivative <sup>(i)</sup>	6	3,036,575	(278,181)	3,289,946	(442,110)
Change in fair value of convertible note derivative <sup>(ii)</sup>	8	34,340,882	-	34,568,055	-
Unrealized foreign exchange loss		101,985	110,501	109,102	153,126
Interest income		(27,272)	(4,134)	(29,424)	(17,055)
Changes in:					
Trade and other receivables		29,444	(1,141)	12,411	(4,063)
Prepaid expenses		(245,732)	(64,411)	(191,093)	275
Trade and other payables		(162,044)	(74,549)	(150,976)	(329,901)
Net cash used in operating activities		\$ (2,272,229)	\$ (2,752,539)	\$ (4,165,004)	\$ (5,318,882)
<b>INVESTING ACTIVITIES:</b>					
Investment in exploration and evaluation assets		\$ -	\$ -	\$ (15,180)	\$ -
Sale / (Purchase) of buildings and equipment		218	(14,728)	10,359	(64,785)
Interest received		27,272	4,134	29,424	17,055
Net cash (used) provided in investing activities		\$ 27,490	\$ (10,594)	\$ 24,603	\$ (47,730)
<b>FINANCING ACTIVITIES:</b>					
Proceeds from issuance of common shares	9	\$ 185,769	\$ 6,577,524	\$ 4,179,540	\$ 6,577,524
Proceeds from issuance of Convertible Notes	7	-	-	38,508,431	-
Payment of transaction costs on issuance of common shares and Convertible Notes		(431,760)	(550,681)	(913,513)	(550,681)
Payment of note payable		-	(194,177)	-	(194,177)
Net cash (used) provided by financing activities		\$ (245,991)	\$ 5,832,666	\$ 41,774,458	\$ 5,832,666
Effect of foreign exchange on cash and cash equivalents		20,795	(110,501)	22,775	(153,126)
Net (decrease) increase in cash and cash equivalents		(2,469,934)	2,959,032	37,656,832	312,928
Cash and cash equivalents, beginning of year		44,629,091	6,976,395	4,502,325	9,622,499
<b>Cash and cash equivalents, end of year</b>		<b>\$ 42,159,157</b>	<b>\$ 9,935,427</b>	<b>\$ 42,159,157</b>	<b>\$ 9,935,427</b>
Cash		\$ 1,846,571	\$ 2,235,569	\$ 1,846,571	\$ 2,235,569
Investment savings		28,362,434	3,852,556	28,362,434	3,852,556
GIC and term deposits		11,950,152	3,847,302	11,950,152	3,847,302
<b>Total cash and cash equivalents</b>		<b>\$ 42,159,157</b>	<b>\$ 9,935,427</b>	<b>\$ 42,159,157</b>	<b>\$ 9,935,427</b>
<b>Supplemental Cash Flows Information</b>					
Share Based Payments included in Share Issuance Costs		\$ -	\$ -	\$ 96,275	\$ -

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

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

**Midas Gold Corp.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the six and three months ended June 30, 2016 and 2015**  
**(Expressed in US dollars)**

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**1. Nature of Operations**

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

**2. Basis of Preparation**

*a. Statement of Compliance*

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

*b. Basis of Presentation*

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

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

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

These condensed consolidated interim financial statements for the three and six month periods ended June 30, 2016 and 2015 were approved and authorized for issue by the board of directors on August 11, 2016.

**Midas Gold Corp.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2016 and 2015**  
**(Expressed in US dollars)**

**3. Change in Accounting Policy**

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

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

**Consolidated Statements of Financial Position**

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

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



**Midas Gold Corp.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2016 and 2015**  
**(Expressed in US dollars)**

**3. Change in Accounting Policy (continued)**

**Consolidated Statement of Net Loss and Comprehensive Loss**

<b>For the six months ended June 30, 2015</b>	<b>As previously Reported</b>	<b>Adjustment</b>	<b>Restated</b>
Depreciation	\$ -	\$ 626,511	\$ 626,511
Exploration and evaluation costs	-	4,069,689	4,069,689
Office and administrative	158,048	(4,876)	153,172
Share based compensation	182,989	258,480	441,469
Operating Loss	1,222,838	4,949,804	6,172,642
Net Loss and Comprehensive Loss	\$ 797,330	\$ 4,949,804	\$ 5,747,134
Net Loss per Share	\$ 0.01	\$ 0.03	\$ 0.04

<b>For the three months ended June 30, 2015</b>	<b>As previously Reported</b>	<b>Adjustment</b>	<b>Restated</b>
Depreciation	\$ -	\$ 313,646	\$ 313,646
Exploration and evaluation costs	-	2,235,418	2,235,418
Office and administrative	87,969	(2,364)	85,605
Share based compensation	15,507	46,338	61,845
Operating Loss	509,051	2,593,038	3,102,089
Net Loss and Comprehensive Loss	\$ 223,077	\$ 2,593,038	\$ 2,816,115
Net Loss per Share	\$ 0.00	\$ 0.02	\$ 0.02

**Consolidated Statement of Cash Flows**

<b>For the six months ended June 30, 2015</b>	<b>As previously Reported</b>	<b>Adjustment</b>	<b>Restated</b>
Cash flow used in operating activities	\$ (990,476)	\$ (4,328,406)	\$ (5,318,882)
Cash flow used in investing activities	\$ (4,376,136)	\$ 4,328,406	\$ (47,730)
<b>For the three months ended June 30, 2015</b>	<b>As previously Reported</b>	<b>Adjustment</b>	<b>Restated</b>
Cash flow used in operating activities	\$ (367,026)	\$ (2,385,513)	\$ (2,752,539)
Cash flow used in investing activities	\$ (2,396,107)	\$ 2,385,513	\$ (10,594)

**Midas Gold Corp.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2016 and 2015**  
**(Expressed in US dollars)**

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**3. Change in Accounting Policy (continued)**

**Consolidated Statement of Changes in Equity**

Deficit	As previously Reported	Adjustment	Restated
Balance, December 31, 2014	\$ (25,837,479)	\$ (126,824,924)	\$ (152,662,403)
Net loss and comprehensive loss	(797,330)	(4,949,804)	(5,747,134)
Balance, June 30, 2015	(26,634,809)	(131,774,728)	(158,409,537)
Balance, December 31, 2015	\$ (27,137,595)	\$ (136,448,336)	\$ (163,585,931)

**4. Accounting Standards Issued but not yet Effective**

- i) IFRS 15 - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts; IAS 18 – Revenue; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions involving Advertising Services. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently considering the impact, if any, of the standard on its future consolidated financial statements.
- ii) IFRS 9 - In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently considering the impact, if any, of the final standard on its future consolidated financial statements.
- iii) IFRS 16 - In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Corporation is currently considering the impact, if any, of the standard on its future consolidated financial statements.

**Midas Gold Corp.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2016 and 2015**  
**(Expressed in US dollars)**

**5. Exploration and Evaluation Assets**

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

	December 31, 2015	Additions	June 30, 2016
<b>Acquisition Costs</b>			
Interest on notes payable	\$ 116,546	\$ -	\$ 116,546
Mineral claims	82,291,919	15,180	82,307,099
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest <sup>(1)</sup>	(13,548,460)	-	(13,548,460)
<b>Balance</b>	<b>\$ 69,886,755</b>	<b>\$ 15,180</b>	<b>\$ 69,901,935</b>

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

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

**Summary**

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

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

**Title**

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

**Midas Gold Corp.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2016 and 2015**  
**(Expressed in US dollars)**

**6. Warrant Derivative**

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

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

In May 2015, the Corporation issued 9,562,095 share purchase warrants ("2015 Warrant(s)") as part of a private placement of Units ("2015 Unit(s)"). Each 2015 Unit consisted of one Share and one-half of one 2015 Warrant. Each 2015 Warrant entitles the holder to purchase one Share at a price of C\$0.60 until May 20, 2017. In March 2016, 8,417,144 warrants and finders' options expired unexercised, as at December 31, 2015 these warrants and finders' options had no value. A reconciliation of the change in fair values of the derivative is below:

	<b>Warrant Derivative</b>	
Balance, December 31, 2014	\$	456,350
Value of warrants issued		762,794
Change in fair value of warrant derivative		(934,572)
Balance, December 31, 2015	\$	284,572
Warrants exercised		(116,664)
Change in fair value of warrant derivative		3,289,946
Balance, June 30, 2016	\$	3,457,854

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

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
Fair value of related warrants outstanding	\$0.31	\$0.01
Risk-free interest rate	0.6%	0.5%
Expected term (in years)	1.6	1.3
Expected share price volatility	68%	60%

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**7. Convertible Notes**

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

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

The components of the Convertible Notes are summarized as follows:

	<b>Convertible Notes</b>
Balance, March 17, 2016	\$ 18,307,136
Accretion	660,169
Foreign exchange adjustments	103,028
Balance, June 30, 2016	\$ 19,070,334

**8. Convertible Note Derivative**

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

	<b>Convertible Note Derivative</b>
Balance, March 17, 2016	\$ 19,771,572
Fair value adjustments	34,568,055
Foreign exchange adjustments	28,849
Balance, June 30, 2016	\$ 54,368,476

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

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**8. Convertible Note Derivative (continued)**

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

	<b>June 30, 2016</b>	<b>March 17, 2016</b>
Risk-free interest rate	0.7%	0.9%
Expected term (in years)	6.7	7.0
Share Price	C\$0.92	\$C0.385
Credit Spread	10%	10%
Implied discount on share price	37% - 26%	37% - 26%
Expected share price volatility	57%	64%

**9. Share Capital**

*a. Authorized*

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

*b. Common Shares Issued*

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

In May 2015, the Corporation closed a non-brokered private placement and a brokered private placement for an aggregate of 19,124,190 Units at a price of C\$0.42 per Unit, for gross proceeds of C\$8.0 million (\$6.6 million). Each 2015 Unit consists of a Share in the capital of the Corporation and one-half of one 2015 Warrant. Each 2015 Warrant entitles the holder to acquire one additional Share at a price of C\$0.60 for a period of two years. The net proceeds of C\$7.5 million (\$6.1 million) were distributed between the common shares, C\$6.6 million (\$5.3 million), and warrants, C\$0.9 million (\$0.8 million).

*(ii) Common Shares Issued for Cash during the Six Months Ended June 30, 2016*

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

*c. Share purchase options*

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

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**9. Share Capital (continued)**

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

	<b>Number of Options</b>	<b>Weighted Average Exercise Price (C\$)</b>
Balance, December 31, 2014	10,845,000	\$ 2.40
Options granted	3,018,000	0.45
Options forfeited	(356,000)	2.74
Balance, December 31, 2015	13,507,000	\$ 1.96
Options granted	4,081,000	0.45
Options exercised	(67,500)	0.31
Options forfeited	(6,713,500)	2.59
Balance, June 30, 2016	10,807,000	\$ 0.91

During the six months ended June 30, 2016, the Corporation granted 4,081,000 stock options with a weighted average exercise price of C\$0.45 that will expire in five years from the date of grant.

During the six months ended June 30, 2016, the Corporation's total share based compensation expense was \$379,933 (2015 - \$441,469).

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

	<b>Six Months Ended</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Fair value options granted	\$0.24	\$0.24
Risk-free interest rate	0.7%	1.0%
Expected term (in years)	5.0	5.0
Expected share price volatility	63%	63%
Expected dividend yield	-	-
Expected forfeiture	5%	5%

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**9. Share Capital (continued)**

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

Weighted Average Exercise Price (C\$)	Options Outstanding		Options Exercisable		Expiry Date
	Number	Remaining Contractual Life (Years)	Number	Remaining Contractual Life (Years)	
\$3.76	250,000	0.2	250,000	0.2	Sep-26-2016
4.10	350,000	0.4	350,000	0.4	Dec-7-2016
3.95	450,000	0.5	450,000	0.5	Jan-4-2017
3.50	170,000	0.7	170,000	0.7	Mar-30-2017
3.10	250,000	1.2	250,000	1.2	Sep-7-2017
3.10	185,000	1.3	185,000	1.3	Oct-9-2017
0.71	460,000	1.9	460,000	1.9	May-22-2018
0.89	500,000	2.1	500,000	2.1	July-31-2018
0.72	1,204,000	2.5	1,204,000	2.5	Jan-8-2019
0.95	8,000	2.6	8,000	2.6	Feb-3-2019
0.46	2,580,000	3.5	1,290,000	3.5	Jan-6-2020
0.42	400,000	3.9	200,000	3.9	May-25-2020
0.31	2,209,000	4.5	552,250	4.5	Jan-06-2021
0.39	220,000	4.7	55,000	4.7	Mar-16-2021
0.66	1,451,000	4.8	362,750	4.8	Apr-19-2021
0.83	120,000	5.0	30,000	5.0	Jun-23-2021
\$ 0.91	10,807,000	3.3	6,323,000	2.5	

c. Warrants

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

	Number of Warrants	Weighted Average Exercise Price (C\$)
Balance, December 31, 2014	10,417,144	\$ 1.11
Warrants granted	9,562,095	0.60
Balance, December 31, 2015	19,979,239	\$ 0.87
Warrants exercised	(367,500)	0.60
Warrants expired	(8,417,144)	1.09
Balance, June 30, 2016	11,194,595	\$ 0.71

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

Weighted Average Exercise Price (C\$)	Warrants Outstanding and Exercisable	Remaining Contractual Life (Years)	Expiry Date
0.60	9,194,595	0.9	May-20-2017
1.23	2,000,000	6.9	May-9-2023
\$ 0.71	11,194,595	1.9	



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**10. Exploration and Evaluation Expenditures**

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

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Exploration and Evaluation Expenditures				
Consulting and labor cost	724,921	928,978	1,615,288	1,716,364
Field office and drilling support	241,404	340,198	443,954	608,743
Engineering	68,587	153,721	112,492	215,330
Environmental and sustainability	596,191	812,521	953,132	1,527,465
Geochemistry and geophysics	-	-	222	1,787
<b>EXPLORATION AND EVALUATION EXPENSE</b>	<b>\$ 1,631,103</b>	<b>\$ 2,235,418</b>	<b>\$ 3,125,088</b>	<b>\$ 4,069,689</b>

**11. Finance Costs**

The Corporation's finance costs for the three and six months ended June 30, 2016 were comprised of accretion costs of \$500,621 and \$660,169 respectively (Note 7) and transaction costs associated with the Convertible Note of \$Nil and \$453,453 respectively.

**12. Financial Instruments**

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

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

The three levels of the fair value hierarchy are:

Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

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**12. Financial Instruments (continued)**

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

	June 30, 2016		
	Level 1	Level 2	Level 3
Convertible Note Derivative (see Note 8)	\$ -	\$ -	\$ 54,368,476
Warrant Derivative (see Note 6)	-	-	3,457,854
	\$ -	\$ -	\$ 57,826,330

  

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

**13. Segmented Information**

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

	June 30, 2016	December 31, 2015
Assets by geographic segment, at cost		
Canada		
Current assets	\$ 42,006,905	\$ 4,356,501
Non-current assets	11,299	16,081
	\$ 42,018,204	\$ 4,372,582
United States		
Current assets	\$ 620,352	\$ 417,242
Non-current assets	71,216,460	71,798,084
	\$ 71,836,812	\$ 72,215,326
	\$ 113,855,019	\$ 76,587,908

**14. Commitments**

*a. Office Rent*

The Corporation entered into a various lease agreements for office and storage space. The total rent obligation over the next five years is \$100,002 with \$100,002 due within one year.

*b. Mining Claim Assessments*

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