MIDAS GOLD

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(expressed in US Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Midas Gold Corp.

We have audited the accompanying consolidated financial statements of Midas Gold Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Midas Gold Corp. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
March 13, 2018
Vancouver, British Columbia

Midas Gold Corp.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2017 and December 31, 2016
(Expressed in US dollars)

	Notes		December 31, 2017		December 31, 2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		$	18,915,423	$	37,180,354
Trade and other receivables			36,792		23,315
Prepaid expenses			288,349		282,116
		$	19,240,563	$	37,485,785
NON-CURRENT ASSETS					
Buildings and equipment	4	$	543,005	$	1,062,602
Exploration and evaluation assets	5		70,857,593		70,482,303
		$	71,400,598	$	71,544,905
TOTAL ASSETS		$	90,641,162	$	109,030,690
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables		$	3,244,854	$	1,272,708
Warrant derivative (i)	6		252,595		1,855,065
		$	3,497,449	$	3,127,773
NON-CURRENT LIABILITIES					
Convertible notes	7	$	22,944,867	$	19,343,758
Convertible note derivative (ii)	8		29,817,891		49,037,836
		$	52,762,758	$	68,381,594
TOTAL LIABILITIES		$	56,260,207	$	71,509,367
EQUITY					
Share capital	9	$	228,787,138	$	225,168,974
Equity reserve	9		23,635,063		22,101,334
Deficit			(218,041,246)		(209,748,985)
TOTAL EQUITY		$	34,380,955	$	37,521,323
TOTAL LIABILITIES AND EQUITY		$	90,641,162	$	109,030,690

Approved on behalf of the Board of Directors:

/s/ Stephen Quin
Stephen Quin - Director

/s/ Donald Young
Donald Young - Director

Footnotes:

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

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

See accompanying notes to consolidated financial statements

Midas Gold Corp.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2017 and December 31, 2016
(expressed in US dollars)

	Notes	December 31, 2017	December 31, 2016
EXPENSES			
Consulting		$ 24,886	$ 14,509
Corporate salaries and benefits		854,368	945,490
Depreciation	4	639,731	1,033,331
Directors' fees		107,720	106,394
Exploration and evaluation	10	20,978,354	9,017,422
Office and administrative		164,066	251,446
Professional fees		275,736	165,431
Share based compensation	9	1,609,354	745,841
Shareholder and regulatory		385,020	316,478
Travel and related costs		163,868	122,744
OPERATING LOSS		$ 25,203,102	$ 12,719,086
OTHER (INCOME) EXPENSES			
Change in fair value of warrant derivative [(i)]	6	$ (839,455)	$ 2,980,265
Change in fair value of convertible note derivative [(ii)]	8	(21,799,942)	31,249,896
Finance costs	11	2,232,310	2,128,914
Foreign exchange loss (gain)		3,789,794	(2,700,031)
Interest income		(293,546)	(215,076)
Total other (income) loss		$ (16,910,839)	$ 33,443,968
NET LOSS AND COMPREHENSIVE LOSS		$ 8,292,263	$ 46,163,054
NET LOSS PER SHARE, BASIC AND DILUTED		$ 0.05	$ 0.27
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED		184,009,046	173,972,323

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.*

See accompanying notes to consolidated financial statements

Midas Gold Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2017 and December 31, 2016
(expressed in US dollars except for number of shares)

		Share Capital				
	Note	**Shares**	**Amount**	**Equity Reserve**	**Deficit**	**Total**
BALANCE, January 1, 2016		160,829,280	$ 217,913,718	$ 21,414,405	$ (163,585,931)	$ 75,742,192
Share based compensation	9	-	-	745,841	-	745,841
Shares issued in private placement (net of issuance costs)	9	14,996,887	3,873,411	-	-	3,873,411
Options exercised		258,875	192,250	(58,912)	-	133,338
Warrants exercised	6	3,916,975	3,189,595	-	-	3,189,595
Net loss and comprehensive loss for the year		-	-	-	(46,163,054)	(46,163,054)
BALANCE, December 31, 2016		180,002,017	$ 225,168,974	$ 22,101,334	$ (209,748,985)	$ 37,521,323
Share based compensation	9	-	-	1,609,354	-	1,609,354
Options exercised	9	438,500	204,121	(75,625)	-	128,496
Warrants exercised	6	5,615,833	3,275,621	-	-	3,275,621
Convertible notes converted	7,8	299,915	138,423	-	-	138,423
Net loss and comprehensive loss for the year		-	-	-	(8,292,263)	(8,292,263)
BALANCE, December 31, 2017		186,356,265	$ 228,787,138	$ 23,635,063	$ (218,041,248)	$ 34,380,954

See accompanying notes to consolidated financial statements

Midas Gold Corp.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and December 31, 2016
(expressed in US dollars)

	Notes	December 31, 2017	December 31, 2016
OPERATING ACTIVITIES:			
Net loss		$ (8,292,263)	$ (46,163,054)
Adjustments for:			
Share based compensation		1,609,354	745,841
Depreciation		639,731	1,033,331
Transaction Costs	7,11	-	453,453
Accretion and interest expense	7,11	2,232,310	1,222,008
Loss on disposal of buildings and equipment		-	4,752
Change in fair value of warrant derivative	6	(839,455)	2,980,265
Change in fair value of convertible note derivative	8	(21,799,942)	31,249,896
Unrealized foreign exchange loss		3,928,854	(2,460,983)
Interest income		(293,546)	(215,076)
Changes in:			
Trade and other receivables		(43,271)	18,227
Prepaid expenses		(6,233)	(16,374)
Trade and other payables		1,972,146	621,543
Net cash used in operating activities		$ (20,892,315)	$ (10,526,171)
INVESTING ACTIVITIES:			
Investment in exploration and evaluation assets		$ (375,290)	$ (595,548)
Purchase of buildings and equipment	4	(120,134)	(191,275)
Interest received		323,340	197,210
Net cash used in investing activities		$ (172,084)	$ (589,613)
FINANCING ACTIVITIES:			
Proceeds from issuance of common shares and warrants, net of share issue costs	6, 9	$ 2,641,102	$ 5,446,872
Proceeds from issuance of convertible notes	7	-	38,508,431
Payment of transaction costs on issuance of common shares and convertible notes		-	-
Interest paid on convertible notes		(18,512)	-
Net cash provided by financing activities		$ 2,622,591	$ 43,955,303
Effect of foreign exchange on cash and cash equivalents		176,877	(161,490)
Net (decrease) increase in cash and cash equivalents		(18,264,931)	32,678,029
Cash and cash equivalents, beginning of year		37,180,354	4,502,325
Cash and cash equivalents, end of year		$ 18,915,423	$ 37,180,354
Cash		$ 1,093,049	$ 1,762,412
Investment savings accounts		6,924,242	11,901,174
GIC and term deposits		10,898,132	23,516,768
Total cash and cash equivalents		$ 18,915,423	$ 37,180,354

See accompanying notes to consolidated financial statements

1. Nature of Operations

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

2. Basis of Preparation

a. *Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as at December 31, 2017.

b. *Basis of Presentation*

These consolidated financial statements have been prepared on the historic cost basis except for certain financial instruments, which are measured at fair value as explained in the Summary of Significant Accounting Policies set out in Note 3.

These consolidated financial statements for the years ended December 31, 2017 and December 31, 2016 were approved and authorized for issue by the board of directors on March 14, 2018.

3. Summary of Significant Accounting Policies

a. *Basis of Consolidation*

These consolidated financial statements include the financial statements of Midas Gold and its wholly owned subsidiary companies:

Midas Gold Idaho, Inc.;
Idaho Gold Resource Company, LLC; and
Stibnite Gold Company.

All intercompany transactions, balances, income and expenses, have been eliminated.

b. *Functional and Presentation Currency*

The functional and presentation currency of the Corporation and its subsidiaries is the US Dollar ("USD" or "$"). As the Corporation is located in Vancouver, BC, there are also certain transactions in Canadian Dollars (CAD or C$). All amounts in these consolidated financial statements are in USD, unless otherwise stated.

3. Summary of Significant Accounting Policies (continued)

c. *Cash and Cash Equivalents*

For the purpose of the consolidated statements of financial position and consolidated statements of cash flows, the Corporation considers all highly liquid investments readily convertible to a known amount of cash with an original maturity of three months or less and subject to an insignificant risk of changes in value to be cash equivalents.

d. *Financial Assets*

Financial assets are classified into one of four categories, fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available for sale ("AFS") and loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) *FVTPL financial assets*

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Corporation manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Transaction costs related to assets classified as FVTPL are expensed. The Corporation does not have any assets classified as FVTPL financial assets.

(ii) *HTM financial assets*

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Corporation does not have any assets classified as HTM investments.

(iii) *AFS financial assets*

Investments and other assets are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment's revaluation reserve is included in profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency are translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of the asset is recognized in profit or loss, while other changes are recognized in equity. The Corporation does not hold any AFS financial assets.

3. Summary of Significant Accounting Policies (continued)

(iv) Loans and receivables

Trade and other receivables and cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost using the effective interest method less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off when they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would not be material.

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it has become probable that the borrower will enter bankruptcy or financial reorganization; or
- a significant or prolonged decline in value.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. The impairment on AFS equity instruments is not reversed if the value of the AFS equity investments subsequently increases. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

3. Summary of Significant Accounting Policies (continued)

(vii) *Derecognition of financial assets*

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Corporation transfers the financial asset and substantially all risks and rewards of ownership to another entity.

e. <u>Financial Liabilities and Equity</u>

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Corporation has classified trade and other payables and Convertible Notes as other financial liabilities. The Corporation has classified the warrant derivative and Convertible Note Derivative as FVTPL.

(ii) Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

f. <u>Exploration and Evaluation Assets and Expenses</u>

Exploration and evaluation assets are recorded at cost less accumulated impairment losses, if any. All direct costs related to the acquisition of mineral properties are capitalized until the technical feasibility and commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. Technical feasibility and commercial viability are defined as (1) the determination of mineral reserves and (2) a decision to proceed with development has been recommended by management and approved by the Corporation's board of directors. 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 Corporation.

3. Summary of Significant Accounting Policies (continued)

Thereafter, the Corporation will capitalize expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

Management reviews the facts and circumstances to determine whether there is an indication that the carrying amount of the exploration and evaluation assets exceeds the recoverable amount at each reporting date. Indication includes but is not limited to, the expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned and if the entity has decided to discontinue exploration activity in the specific area. If facts and circumstances exist that indicate that the assets are impaired, management will assess whether the carrying value exceeds recoverable value, and the Corporation will impair the carrying value of the property.

Where the Corporation has determined that impairment indicators exist, the Corporation will also assess for impairment under IAS 36 *Impairment of assets*, whereby the cash generating unit ("CGU") is assessed for impairment by comparing the carrying value to its recoverable amount, which is the higher of the value in use and the fair value less costs to sell. The fair value less costs to sell is determined by the best information available to reflect the amount the Corporation could receive for the CGU in an arm's length transaction.

g. *Loss Per Share*

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of share purchase options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share purchase options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. All share purchase options and warrants were anti-dilutive for the years presented.

h. *Foreign Currency Translation*

Transactions in currencies other than the entity's functional currency are recorded at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated Statement of Net Loss and Comprehensive Loss.

i. *Income Taxes*

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the Statement of Net Loss and Comprehensive Loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the substantively enacted tax rates expected

3. Summary of Significant Accounting Policies (continued)

to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is derecognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

j. Share Based Compensation

The Corporation grants share purchase options to directors, officers and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing price on the day proceeding the day the options were granted.

The fair value of the options granted to employees is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, which is the period over which all of the specific vesting conditions are satisfied. Forfeitures are estimated at the grant date. For awards with graded vesting, the fair value of each tranche is measured separately and recognized over its respective vesting period. The fair value is recognized as an expense or capitalized to exploration and evaluation assets, depending on the recipient of the option, with a corresponding increase in equity reserve. The amount recognized as expense is adjusted to reflect the number of share options which actually vest.

When the Corporation grants share purchase options, which only vest upon satisfaction of a contingent event, the fair value of the option is measured on the date of grant using the same valuation model and assumptions used for options without performance conditions. The Corporation will recognize compensation expense based on an estimate of performance condition that will be satisfied.

k. Reclamation and Remediation

The Corporation recognizes liabilities for statutory, contractual, constructive or legal obligations associated with buildings and equipment and exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value of such costs. The Corporation's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. The Corporation's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. As at December 31, 2017 and 2016, the Corporation had no rehabilitation liabilities.

l. Buildings and Equipment

Buildings and equipment are recorded at cost less amortization, depletion and accumulated impairment losses, if any.

3. Summary of Significant Accounting Policies (continued)

Where significant components of buildings and equipment have different useful lives, the components are accounted for as separate items. Expenditures incurred to replace a component that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overhead. The costs of day-to-day servicing are recognized in expenses as incurred, as "maintenance and repairs."

The Corporation depreciates its assets, less their estimated residual values, as follows:

Category	Method	Useful life
Equipment and Vehicles	Straight-line	3 to 7 years
Buildings	Straight-line	5 to 10 years

The depreciation method, useful life and residual values are assessed annually.

m. *Impairment*

The Corporation's tangible and intangible assets are reviewed for indications of impairment at each reporting date. If an indication of impairment exists, the asset's recoverable amount is estimated to determine extent of impairment, if any. Where the asset does not generate independent cash flows, the Corporation estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n. *Leases*

Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

o. *Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. Summary of Significant Accounting Policies (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

p. *Significant Accounting Estimates and Judgments*

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Probability of future economic benefits of exploration and evaluation costs
The application of the Corporation’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits will be generated from the exploitation of an exploration and evaluation asset when activities have not yet reached a stage where a reasonable assessment of the existence of reserves can be determined. The estimation of mineral reserves is a complex process and requires significant assumptions and estimates regarding economic and geological data and these assumptions and estimates impact the decision to either expense or capitalize exploration and evaluation expenditures.

Upon determination of mineral reserves, the Corporation evaluates the commercial viability of the assets, based on the existence of mineral reserves as well as the ability to obtain permitting, financing and a commercial viable construction schedule. Upon making a decision to proceed with the development of the property, the exploration and evaluation assets would be reclassified to mineral properties under development.

ii) Functional currency
The functional currency for each of the Corporation's subsidiaries is the currency of the primary economic environment in which the entity operates. The Corporation has determined that the functional currency of each entity is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

i) Impairment of building and equipment and exploration and evaluation assets
Management considers both external and internal sources of information in assessing whether there are any indications that the Corporation's building and equipment and exploration and evaluation assets are impaired. External sources of information management considers include changes in the

3. Summary of Significant Accounting Policies (continued)

market, economic and legal environment in which the Corporation operates that are not within its control and affect the recoverable amount of its building and equipment and exploration and evaluation assets. Internal sources of information management considers include the manner in which mining properties and building and equipment are being used or are expected to be used and indications of economic performance of the assets.

ii) Mineral resource and reserves estimates
The figures for mineral resources and reserves are determined in compliance with the requirements of National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources and reserves, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions (including economic assumptions such as metal prices and market conditions) could have a material effect in the future on the Corporation's financial position and results of operation.

iii) Valuation of share-based compensation, convertible note derivative and warrant derivative
The Corporation uses the Black-Scholes Option Pricing Model or other valuation models for valuation of share-based compensation, Convertible Note Derivative and warrant derivative. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Corporation's net loss and equity reserves.

q. Standards Issued but not yet Effective

i) Revenue recognition
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. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently in the permitting phase of the Project and therefore not generating revenue in the near term.

ii) Financial instruments
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. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Corporation expects that this will have minimal impact on the consolidated financial statements, if any.

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

iii) Leases

IFRS 16 - In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Corporation is currently assessing the impact, if any, of the standard on its future consolidated financial statements.

4. Buildings and Equipment

At December 31, 2017 and December 31, 2016, the Corporation's buildings and equipment were as follows:

		Buildings		Equipment and Vehicles		Total
Cost						
Balance, December 31, 2015	$	2,382,795	$	4,509,662	$	6,892,457
Additions		94,685		111,590		206,275
Disposals		-		(43,796)		(43,796)
Balance, December 31, 2016	$	2,477,480	$	4,577,456	$	7,054,936
Additions		-		120,134		120,134
Disposals		-		-		-
Balance, December 31, 2017	$	2,477,480	$	4,697,590	$	7,175,070
Accumulated Depreciation						
Balance, December 31, 2015	$	1,714,547	$	3,268,500	$	4,983,047
Disposals		-		(24,044)		(24,044)
Depreciation charge for the year		398,147		635,182		1,033,331
Balance, December 31, 2016	$	2,112,694	$	3,879,638	$	5,992,334
Disposals		-		-		-
Depreciation charge for the year		224,320		415,411		639,731
Balance, December 31, 2017	$	2,337,014	$	4,295,051	$	6,632,065
Carrying Value						
Balance, December 31, 2016	$	364,786	$	697,818	$	1,062,602
Balance, December 31, 2017	$	140,466	$	402,540	$	543,005

Depreciation expense for the years ended December 31, 2017 and December 31, 2016 was $639,731 and $1,033,331, respectively.

(expressed in US dollars)

5. Exploration and Evaluation Assets

At December 31, 2017 and December 31, 2016, the Corporation's exploration and evaluation assets at the Stibnite Gold Project were as follows:

	December 31, 2016	Additions	December 31, 2017
Acquisition Costs			
Interest on notes payable	$ 116,546	$ -	$ 116,546
Mineral claims	82,887,467	375,290	83,262,757
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest	(13,548,460)	-	(13,548,460)
Balance	$ 70,482,303	$ 375,290	$ 70,857,593

	December 31, 2015	Additions	December 31, 2016
Acquisition Costs			
Interest on notes payable	$ 116,546	$ -	$ 116,546
Mineral claims	82,291,919	595,548	82,887,467
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest	(13,548,460)	-	(13,548,460)
Balance	$ 69,886,755	$ 595,548	$ 70,482,303

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 mill site 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 amendment dated December 1, 2016, whereby on payment of $100,000 on or before May 1, 2017 and $40,000 per year for five years paid on each December 1 beginning in 2017, the Corporation has the option to own 100% of the Cinnabar claim group. At the end of the five years, rather than purchase the Cinnabar claim group the Corporation has the option to extend the agreement for an additional 15 years, with annual payments each year on December 1st as follows: 2022 – 2026: $25,000; 2027 – 2031: $30,000; and 2032 – 2037: $35,000. As at December 31, 2017, $790,000 has been paid to date on the option agreement. At completion of the amended option agreement, the Corporation will have paid $950,000 in total related to the claims.

Title

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

6. Warrant Derivative

The exercise price of certain warrants and options are denominated in Canadian dollars; however, the functional currency of the Corporation is the US Dollar. As a result of this difference in currencies, the proceeds that will be received by the Corporation are not fixed and will vary based on foreign exchange rates and the warrants and options are a derivative and are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash gain or loss in the consolidated 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 consolidated 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 entitled the holder to purchase one Share at a price of C$0.60 until May 20, 2017. During the year ended December 31, 2017, 5,615,833 of the 2015 Warrants were exercised for cash proceeds of $2,512,607 (C$3,371,130). The remaining 29,287 warrants outstanding expired on the expiration date, May 20, 2017.

A reconciliation of the change in fair values of the derivative is below:

		Fair Value of Warrant Derivative
Balance, December 31, 2015	$	284,572
Fair value of warrants exercised		(1,409,772)
Change in fair value of warrant derivative		2,980,265
Balance, December 31, 2016	$	1,855,065
Fair value of warrants exercised		(763,014)
Change in fair value of warrant derivative		(839,455)
Balance, December 31, 2017	$	252,595

(expressed in US dollars)

6. Warrant Derivative (continued)

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:

	December 31, 2017	December 31, 2016
Fair value of related warrants outstanding	$0.13	$0.24
Risk-free interest rate	1.9%	0.9%
Expected term (in years)	3.4	1.4
Expected share price volatility	65%	70%

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 when the Corporation's common shares reach a price of C$0.7082 or higher. 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.

During March 2017, the first annual interest payment was made to note holders in cash, in the amount of $18,512. Also during March, Convertible Notes with a principal amount of $80,277 (C$106,200) were converted into 299,915 of the Corporation's common shares. The accreted value of the converted notes was $42,765 (C$56,571) at March 31, 2017. As at December 31, 2017, the principal amount of the Convertible Notes is $39,786,689 (C$49,912,401).

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.

(expressed in US dollars)

7. Convertible Notes (continued)

The components of the Convertible Notes are summarized as follows:

		Convertible Notes
Balance, March 17, 2016	$	18,307,136
Accretion and interest expense		1,675,461
Foreign exchange adjustments		(638,839)
Balance, December 31, 2016	$	19,343,758
Accretion and interest expense		2,232,310
Interest payments		(18,512)
Conversions into common shares		(42,765)
Foreign exchange adjustments		1,430,076
Balance, December 31, 2017	$	22,944,867

8. Convertible Note Derivative

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

		Convertible Note Derivative
Balance, March 17, 2016	$	19,771,572
Fair value adjustment		31,249,896
Foreign exchange adjustments		(1,983,632)
Balance, December 31, 2016	$	49,037,836
Fair value adjustment		(21,799,942)
Conversions		(95,658)
Foreign exchange adjustments		2,675,655
Balance, December 31, 2017	$	29,817,891

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.

The fair value of the Convertible Note Derivative was calculated using partial differential equation methods. The assumptions used in the valuation model include the following, with a change in share price having the most significant impact on the valuation:

	December 31, 2017	December 31, 2016
Risk-free interest rate	1.9%	1.3%
Expected term (in years)	5.2	6.2
Share Price	C$0.59	C$0.87
Credit Spread	10%	10%
Implied discount on share price	37% - 26%	37% - 26%
Expected share price volatility	57%	59%

(expressed in US dollars)

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*

In March 2016, in conjunction with the issuance of the Convertible Notes (Note 6), 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 as determined by the Board of Directors of the Corporation and the exercise price shall not be less than the five day weighted-average share price 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.

A summary of share purchase option activity within the Corporation's share based compensation plan for the years ended December 31, 2017 and 2016 is as follows:

	Number of Options	**Weighted Average Exercise Price (C$)**
Balance, December 31, 2015	13,507,000	$ 1.96
Options granted	5,456,000	0.57
Options forfeited	(7,405,125)	2.67
Options exercised	(258,875)	0.49
Balance, December 31, 2016	11,299,000	$ 0.85
Options granted	4,512,500	0.88
Options expired	(1,442,250)	2.72
Options exercised	(438,500)	0.41
Balance, December 31, 2017	13,930,750	$ 0.68

During 2018, 900,000 stock options with exercise prices ranging from C$0.71 to $0.89 will expire unless exercised prior to their expiry dates.

During the year ended December 31, 2017, the Corporation's total share based compensation was $1,609,354 (2016 - $745,841).

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:

(expressed in US dollars)

9. Share Capital (continued)

	2017	2016
Fair value of options granted	$0.51	$0.30
Risk-free interest rate	1.2%	0.7%
Expected term (in years)	5.0	5.1
Expected share price volatility	66%	64%
Expected dividend yield	-	-
Expected forfeiture	5%	5%

An analysis of outstanding share purchase options as at December 31, 2017 is as follows:

	Options Outstanding		Options Exercisable		
Weighted Average Exercise Price (C$)	Number	Remaining Contractual Life (Years)	Number	Remaining Contractual Life (Years)	Expiry Date
0.71	400,000	0.4	400,000	0.4	May-22-2018
0.89	500,000	0.6	500,000	0.6	July-31-2018
0.72	1,000,000	1.0	1,000,000	1.0	Jan-8-2019
0.95	8,000	1.1	8,000	1.1	Feb-3-2019
0.46	2,237,000	2.0	1,677,750	2.0	Jan-6-2020
0.42	348,750	2.4	261,563	2.4	May-25-2020
0.31	1,806,375	3.0	903,188	3.0	Jan-6-2021
0.39	220,000	3.2	110,000	3.2	Mar-16-2021
0.66	1,438,125	3.3	719,063	3.3	Apr-19-2021
0.83	120,000	3.5	60,000	3.5	Jun-23-2021
0.82	120,000	3.7	60,000	3.7	Sep-16-2021
0.88	500,000	3.7	250,000	3.7	Sep-19-2021
0.88	95,000	3.7	47,500	3.7	Sep-19-2021
0.92	600,000	4.8	-	4.8	Sep-30-2021
0.93	60,000	4.0	30,000	4.0	Dec-13-2021
0.89	3,662,500	4.0	915,625	4.0	Jan-5-2022
0.89	545,000	4.2	136,250	4.2	Feb-27-2022
0.71	270,000	4.5	67,500	4.5	July-5-2022
$ 0.68	13,930,750	3.0	7,146,438	2.4	

d. *Warrants*

A summary of warrant activity for the years ended December 31, 2016 and December 31, 2017 is as follows; see also Note 6:

	Number of Warrants	Weighted Average Exercise Price (C$)
Balance, December 31, 2015	19,979,239	$ 0.87
Warrants exercised	(3,916,975)	0.60
Warrants expired	(8,417,144)	1.09
Balance December 31, 2016	7,645,120	$ 0.76
Warrants exercised	(5,615,833)	0.60
Warrants expired	(29,287)	0.60
Balance, December 31, 2017	2,000,000	$ 1.23

(expressed in US dollars)

10. Exploration and Evaluation Expenditures

The Corporation's exploration and evaluation expenditures at the Stibnite Gold Project for the year ended December 31, 2017 and 2016 were as follows:

	Year Ended	
	December 31, 2017	**December 31, 2016**
Exploration and Evaluation Expenditures		
Consulting and labor cost	4,580,860	3,638,380
Drilling	1,677,386	706,497
Field office and drilling support	2,285,924	1,487,531
Engineering	3,867,800	749,884
Permitting	5,145,511	278,021
Environmental and reclamation	3,000,804	1,849,078
Legal and sustainability	420,069	268,605
Geochemistry and geophysics	-	39,426
Exploration and Evaluation Expense	$ 20,978,354	$ 9,017,422

11. Finance Costs

The Corporation's finance costs for the year ended December 31, 2017 and 2016 were as follows:

	December 31, 2017	**December 31, 2016**
Finance costs		
Accretion	2,213,008	1,660,331
Interest expense	19,302	15,130
Transaction costs	-	453,453
	$ 2,232,310	$ 2,128,914

12. Risk Management and Financial Instruments

The Corporation's objectives are to safeguard the Corporation's ability to continue as a going concern in order to support the Corporation's normal operating requirements, continue the exploration, evaluation and, if warranted, development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

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

The three levels of the fair value hierarchy are:

12. Risk Management and Financial Instruments (continued)

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.

At December 31, 2017 and December 31, 2016, 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:

						December 31, 2017
		Level 1		**Level 2**		**Level 3**
Convertible Note Derivative (see Note 8)	$	-	$	-	$	29,817,891
Warrant Derivative (see Note 6)		-		-		252,595
	$	-	$	-	$	30,070,486

						December 31, 2016
		Level 1		**Level 2**		**Level 3**
Convertible Note Derivative (see Note 8)	$	-	$	-	$	49,037,836
Warrant Derivative (see Note 6)		-		-		1,855,065
	$	-	$	-	$	50,892,901

Risk management is the responsibility of the Corporation's management team, with oversight by the Board of Directors. The Corporation's financial instrument risk exposures are summarized below:

a) *Credit Risk*

The Corporation has no significant credit risk arising from operations. The Corporation's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. The Corporation holds its cash with Canadian chartered banks and the risk of default is considered to be remote. The Corporation has minimal accounts receivable exposure, and its refundable credits are due from the Canadian government.

b) *Liquidity Risk*

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. The Corporation's trade and other payables are generally due within 30 days. As at December 31, 2017, all trade and other payables were due within 30 days.

c) *Foreign Currency Risk*

The Corporation's functional and reporting currency is the USD and major purchases are transacted in USD. The Corporation is exposed to the risk of changes in USD relative to the Canadian Dollar as a portion of the Corporation's financial assets and liabilities are denominated in Canadian dollars. The Corporation monitors this exposure but has no contractual hedge positions. Financial assets and liabilities denominated in Canadian dollars are as follows, stated in USD:

12. Risk Management and Financial Instruments (continued)

		2017		2016
Cash and cash equivalents	$	2,835,984	$	4,930,672
Prepaids, trade and other receivables		126,290		74,277
Trade and other payables		(436,135)		(441,714)
Warrant derivative		(252,595)		(1,855,065)
Convertible notes		(22,944,867)		(19,343,758)
Convertible note derivative		(29,817,891)		(49,037,836)
	$	(50,489,214)	$	(65,673,424)

A five percent change in the US dollar exchange rate to the Canadian dollar would impact the Corporation's earnings by $3,166,936 (2016 - $4,408,985).

During the year, the Corporation maintained a portion of its cash balance in Canadian Dollars. There is a risk that the Corporation's cash balance be reduced on a fluctuation in the relevant exchange rate. The Corporation has a policy that all board approved expenditures be held in the currency they expect to be made in. Cash held in excess of board approved expenditures has been and will be actively managed by the Corporation's management with consideration to the expected currency needs of the Corporation based on approved expenditures.

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:

		2017		2016
Assets by geographic segment, at cost				
Canada				
Current assets	$	18,728,778	$	36,785,669
Non-current assets		37,184		53,473
		18,765,962		36,839,142
United States				
Current assets		511,785		700,115
Non-current assets		71,363,415		71,491,433
		71,875,200		72,191,548
	$	90,641,162	$	109,030,690

14. Compensation of Key Management Personnel

During the year ended December 31, 2017, compensation of directors and officers and other key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Corporation was:

		December 31, 2017		December 31, 2016
Salaries and benefits	$	1,037,344	$	1,056,121
Share based compensation		649,386		464,227
	$	1,686,370	$	1,520,348

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the years ended December 31, 2017 and 2016.

(expressed in US dollars)

15. Income taxes

a. Income Tax Expense

The provision for income taxes reported differs from the amount computed by applying the applicable income tax rates to the loss before the tax provision due to the following:

	2017	2016
Net loss	$ (8,292,263)	$ (46,163,054)
Statutory tax rate	39.53%	39.53%
Recovery of income taxes computed at statutory rates	$ (3,277,922)	$ (18,248,200)
Tax losses not recognized in the period that the benefit arose	2,399,368	18,251,145
Share based compensation and other permanent differences	878,553	(2,945)
Income tax recovery	$ -	$ -

b. The significant components of the Corporation's deferred tax assets and liabilities are as follows:

	2017	2016
Net operating loss carry-forward	$ 21,613,901	$ 26,802,946
Buildings and equipment	588,855	769,487
Exploration and evaluation assets	25,399,247	34,192,032
Convertible Note	3,975,053	12,120,574
Total	$ 51,577,056	$ 73,885,039

c. Deferred tax assets have not been recognized in respect of the following items:

	2017	2016
Net operating loss carry-forward	$ 26,950,728	$ 31,645,742
Buildings and equipment	588,855	769,487
Exploration and evaluation assets	25,399,247	34,192,032
Convertible note	3,975,053	12,120,574
Other future deductions	309,623	1,069,165
	$ 57,223,506	$ 79,797,000

As at December 31, 2017, the Corporation had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profit will be available against which the Corporation can utilize the benefits.

As of December 31, 2017, the Corporation has US loss carry forwards of approximately $81,545,000 (2016 - $67,804,000) of which $81,545,000 (2016 - $67,804,000) have not been recognized. The Corporation also has Canadian loss carry forwards of approximately $20,526,000 (2016 - $18,626,000) available to reduce future years' income for tax purposes. The Corporation also has tax pools related to Buildings and Equipment and Exploration and Evaluation assets of approximately $2,765,000 (2016 - $3,009,000) and $82,700,000 (2016 - $72,995,000), respectively. The Corporation recognizes the benefit of tax losses only to the extent of anticipated future taxable income in relevant jurisdictions. The tax loss carry forwards expire as follows:

(expressed in US dollars)

15. Income taxes (continued)

Expiry of Tax Losses:		**US**		**Canada**
December 31, 2029	$	342,000	$	-
December 31, 2030		983,000		-
December 31, 2031		9,993,000		1,881,000
December 31, 2032		16,346,000		3,662,000
December 31, 2033		749,000		3,787,000
December 31, 2034		13,661,000		3,539,000
December 31, 2035		12,517,000		3,301,148
December 31, 2036		13,213,000		2,455,930
December 31, 2037		13,839,000		1,899,000
	$	81,544,000	$	20,526,000

The Corporation also has other future deductions available in the US and Canada of approximately $113,000 (2016 - $162,000) and $758,000 (2016 - $1,018,000), respectively for which the benefit has not been recognized.

d. Unrecognized deferred tax liabilities:

At December 31, 2017, there are no material taxable temporary differences associated with investments in subsidiaries.

e. Impact of US tax reform:

The US government passed legislation in December 2017 decreasing the US federal corporate tax rate from 35% to 21%. As a result, the US deferred tax assets were adjusted and remeasured at the updated effective tax rate of 26.51%. The impact of the change in tax rate was to reduce the US deferred tax assets by $25,399,000 and has been reflected in the deferred taxes noted above.

16. Commitments

a. Office Rent
The Corporation entered into various lease agreements for office and storage space. The total rent obligation over the next five years is $345,921 with $217,254 due within one year and $128,667 due after one year but not more than five years.

b. Mining Claim Assessments
The Corporation currently holds mining claims on which it has an annual assessment obligation of $235,000 to maintain the claims in good standing. The Corporation is committed to these payments indefinitely. Related to the mining claims as at December 31, 2017 is a $168,000 bond related to the Corporation's exploration activities.

17. Subsequent Events

Subsequent to December 31, 2017, the Corporation granted 3,495,000 stock options with a weighted average exercise price of C$0.61 that will expire in five years from the date of grant.