



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(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, 2014 and December 31, 2013, and the consolidated statements of net loss and comprehensive loss, changes in equity and 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, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Signed "Deloitte LLP"

Chartered Accountants  
February 20, 2015  
Vancouver, Canada

**Midas Gold Corp.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		\$ 9,622,499	\$ 14,589,264
Trade and other receivables		7,029	10,016
Prepaid expenses		134,829	142,833
		<u>\$ 9,764,357</u>	<u>\$ 14,742,113</u>
NON-CURRENT ASSETS			
Buildings and equipment	4	\$ 2,985,208	\$ 4,218,807
Exploration and evaluation assets	5	196,496,745	182,436,154
Reclamation bond		18,000	18,000
		<u>\$ 199,499,953</u>	<u>\$ 186,672,961</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 209,264,310</u></u>	<u><u>\$ 201,415,074</u></u>
<b>LIABILITIES AND EQUITY</b>			
CURRENT LIABILITIES			
Trade and other payables		\$ 934,516	\$ 2,240,643
Current portion of note payable	6	194,177	191,819
		<u>\$ 1,128,693</u>	<u>\$ 2,432,462</u>
NON-CURRENT LIABILITIES			
Long-term portion of note payable	6	\$ -	\$ 190,877
Warrant derivative	7	456,350	728,000
<b>TOTAL LIABILITIES</b>		<u>\$ 1,585,043</u>	<u>\$ 3,351,339</u>
EQUITY			
Share capital	8	\$ 212,649,668	\$ 203,134,630
Equity reserve	8	20,867,078	20,192,839
Deficit		(25,837,479)	(25,263,734)
<b>TOTAL EQUITY</b>		<u>\$ 207,679,267</u>	<u>\$ 198,063,735</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>\$ 209,264,310</u></u>	<u><u>\$ 201,415,074</u></u>

Commitments - Note 5, 6 and 14

**Approved on behalf of the Board of Directors:**

"Stephen Quin"  
Stephen Quin - Director

"Donald Young"  
Donald Young - Director

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

For the years ended December 31, 2014 and December 31, 2013

(expressed in US dollars)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>EXPENSES</b>			
Consulting		\$ 52,592	\$ 158,942
Directors' fees		218,757	242,751
Office and administrative		350,211	325,396
Professional fees		273,071	266,671
Salaries and benefits		790,176	1,074,874
Share based compensation		216,473	1,372,998
Shareholder and regulatory		365,001	294,793
Travel and related costs		148,947	171,110
<b>OPERATING LOSS</b>		<u>\$ 2,415,228</u>	<u>\$ 3,907,535</u>
<b>OTHER (INCOME) EXPENSES</b>			
Change in fair value of warrant derivative	7	\$ (1,815,091)	\$ (158,000)
Foreign exchange loss		30,181	130,665
Interest income		(56,573)	(84,634)
Total other income		<u>\$ (1,841,483)</u>	<u>\$ (111,969)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<u>\$ 573,745</u>	<u>\$ 3,795,566</u>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>		<u>\$ 0.00</u>	<u>\$ 0.03</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED</b>		<u>139,251,135</u>	<u>121,077,000</u>

**Midas Gold Corp.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the years ended December 31, 2014 and December 31, 2013**

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

	Note	Share Capital		Equity Reserve	Deficit	Total
		Shares	Amount			
<b>BALANCE, December 31, 2012</b>		114,794,136	\$ 193,860,089	\$ 17,941,573	\$ (21,468,168)	\$ 190,333,494
Share based compensation	8	-	-	2,251,266	-	2,251,266
Shares issued in private placement	8	12,740,000	9,274,541	-	-	9,274,541
Net loss and comprehensive loss for the year		-	-	-	(3,795,566)	(3,795,566)
<b>BALANCE, December 31, 2013</b>		<u>127,534,136</u>	<u>\$ 203,134,630</u>	<u>\$ 20,192,839</u>	<u>\$ (25,263,734)</u>	<u>\$ 198,063,735</u>
Share based compensation	8	-	-	675,451	-	675,451
Shares issued in private placement	8	14,167,621	9,511,665	-	-	9,511,665
Exercise of options	8	3,333	3,373	(1,212)	-	2,160
Net loss and comprehensive loss for the year		-	-	-	(573,745)	(573,745)
<b>BALANCE, December 31, 2014</b>		<u>141,705,090</u>	<u>\$ 212,649,668</u>	<u>\$ 20,867,078</u>	<u>\$ (25,837,479)</u>	<u>\$ 207,679,267</u>

**Midas Gold Corp.****CONSOLIDATED STATEMENTS OF CASH FLOWS****For the years ended December 31, 2014 and December 31, 2013****(expressed in US dollars)**

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>OPERATING ACTIVITIES:</b>			
Net loss		\$ (573,745)	\$ (3,795,566)
Items not affecting cash:			
Share based compensation		216,473	1,372,998
Depreciation		25,379	34,267
Change in fair value of warrant derivative		(1,815,091)	(158,000)
Unrealized foreign exchange loss		96,905	384,902
Interest income		(56,573)	(84,634)
Changes in:			
Trade and other receivables		2,987	42,172
Prepaid expenses		8,004	50,497
Trade and other payables		(224,976)	60,491
Net cash used in operating activities		<u>\$ (2,320,637)</u>	<u>\$ (2,092,873)</u>
<b>INVESTING ACTIVITIES:</b>			
Investment in exploration and evaluation assets		\$ (13,271,004)	\$ (24,567,352)
Purchase of buildings and equipment		(192,059)	(1,578,099)
Interest received		56,573	84,634
Net cash used in investing activities		<u>\$ (13,406,490)</u>	<u>\$ (26,060,817)</u>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of common shares and warrants, net of share issue costs	8	\$ 11,057,267	\$ 9,274,541
Proceeds from sale of royalty interest, net of issue costs		-	14,434,460
Repayment of note payable	6	(188,519)	(183,028)
Interest paid		(11,481)	(16,972)
Net cash provided by financing activities		<u>\$ 10,857,267</u>	<u>\$ 23,509,001</u>
Effect of foreign exchange on cash		96,905	(384,902)
Net decrease in cash and cash equivalents		<u>(4,966,765)</u>	<u>(5,029,591)</u>
Cash and cash equivalents, beginning of year		14,589,264	19,618,855
<b>Cash and cash equivalents, end of year</b>		<u><u>\$ 9,622,499</u></u>	<u><u>\$ 14,589,264</u></u>
Cash		\$ 1,262,085	\$ 3,251,506
Investment Savings		8,360,416	11,337,758
<b>Total cash and cash equivalents</b>		<u><u>\$ 9,622,499</u></u>	<u><u>\$ 14,589,264</u></u>

Supplemental cash flow information - Note 13

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(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 and develop mineral properties located principally in the Stibnite – Yellow Pine mining district in Valley County, Idaho (the “District”). The Corporation currently operates in one segment, mineral exploration in the United States. The Corporation’s common shares commenced trading on the Toronto Stock Exchange on July 14, 2011 after closing an initial public offering under a prospectus dated June 30, 2011. The corporate office of Midas Gold is located at 1250-999 West Hastings St, Vancouver, BC, V6C 2W2, Canada.

**2. Basis of Preparation**

*a. Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards effective December 31, 2014.

*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, 2014 and December 31, 2013 were approved and authorized for issue by the board of directors on February 20, 2015.

**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, Inc. (“MGI”);  
Idaho Gold Holding Corporation (“IGHC”);  
Idaho Gold Resource, LLC (“IGR”); and  
MGI Acquisition Corporation (“MGIAC”).  
Midas Gold Idaho, Inc. (“MGII”)

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”). All amounts in these consolidated financial statements are in USD, unless otherwise stated.

*c. Cash and Cash Equivalents*

For the purpose of the statement of financial position and statement 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.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

*d. Business Combinations*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Corporation's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Corporation's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnings or loss immediately. The interest of non-controlling shareholders in the acquiree is measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

*e. 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 asset 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.



**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
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**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

*(iii) AFS financial assets*

Investments and other assets held by the Corporation 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 investments 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.

*(iv) Loans and receivables*

Trade and other receivables, loans 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.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

*(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.

*(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.

*f. Financial Liabilities and Equity*

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.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

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 notes payable as other financial liabilities.

*(ii) Derecognition of financial liabilities*

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

*g. Exploration and Evaluation Assets*

Exploration and evaluation assets are recorded at cost less accumulated impairment losses, if any. All direct costs related to the acquisition, exploration and evaluation 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 is 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. To the extent that the expenditures are made to establish mineral reserves within the rights to explore, the Corporation will consider those costs as capital in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the exploration and evaluation asset.

Management reviews the facts and circumstances to determine whether there is an indication that the carrying amount of the exploration and evaluation assets exceeds their carrying value on a regular basis. 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 the facts and circumstances suggest the carrying value exceeds the recovery value, the Corporation will write down the carrying value of the property.

Where the Corporation has determined that the underlying mineral interest has reserves and, if 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 is determined by the best information available to reflect the amount the Corporation could receive for the CGU in an arm's length transaction, which is often estimated using discounted cash flows for the CGU.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

*h. 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.

*i. 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.

*j. 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 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.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

*k. Share Based Compensation*

The Corporation grants share purchase options to directors, officers, employees and consultants. 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.

*l. 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. The net present value of future rehabilitation cost estimates arising from the decommissioning and site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. 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. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. 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.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

*m. Buildings and Equipment*

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

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."

Financing costs associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose. Capitalization of borrowing costs ceases when the asset is ready for its intended use.

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

<b>Category</b>	<b>Method</b>	<b>Useful life</b>
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.

*n. Impairment*

The Corporation's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position 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 cash generating unit ("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.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**3. Summary of Significant Accounting Policies (continued)**

*o. 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.

*p. 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.

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.

*q. 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, evaluation and development 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 resources 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.

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
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**3. Summary of Significant Accounting Policies (continued)**

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 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) Depreciation and amortization rate for building and equipment

Depreciation and amortization expenses are allocated based on estimated asset lives. Management reviews the estimated useful lives, residual values and depreciation methods of the Company's plant and equipment at the end of each financial year, and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

iii) 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.

iv) Valuation of share-based compensation and warrant derivative

The Corporation uses the Black-Scholes Option Pricing Model for valuation of share-based compensation 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.



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**3. Summary of Significant Accounting Policies (continued)**

*q. Standards Issued but not yet Effective*

IFRS 9 - New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and financial liabilities. IFRS 9 will be effective no earlier than 2018. The Corporation is assessing the potential impact, if any, of this standard on its consolidated financial statements.

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

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

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, 2017, with early adoption permitted. The Company is currently considering the impact the final standard is expected to have on its future consolidated financial statements.

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**4. Buildings and Equipment**

At December 31, 2014 and December 31, 2013, the Corporation's buildings and equipment were as follows:

	<b>Buildings</b>	<b>Equipment and Vehicles</b>	<b>Total</b>
<b>Cost</b>			
Balance, December 31, 2012	\$ 2,490,763	\$ 3,967,681	\$ 6,458,444
Additions	60,630	580,286	640,916
Disposals	(176,321)	(51,199)	(227,520)
Balance, December 31, 2013	\$ 2,375,072	\$ 4,496,768	\$ 6,871,840
Additions	7,723	212,999	220,722
Disposals	-	(291,973)	(291,973)
Balance, December 31, 2014	\$ 2,382,795	\$ 4,417,794	\$ 6,800,589
<b>Accumulated Depreciation</b>			
Balance, December 31, 2012	\$ 380,864	\$ 917,417	\$ 1,298,281
Disposals	(51,434)	(37,272)	(88,706)
Depreciation charge for the year	502,540	940,918	1,443,458
Balance, December 31, 2013	\$ 831,970	\$ 1,821,063	\$ 2,653,033
Disposals	-	(176,033)	(176,033)
Depreciation charge for the year	459,622	878,759	1,338,381
Balance, December 31, 2014	\$ 1,291,592	\$ 2,523,789	\$ 3,815,381
<b>Carrying Value</b>			
Balance, December 31, 2013	\$ 1,543,102	\$ 2,675,705	\$ 4,218,807
Balance, December 31, 2014	\$ 1,091,203	\$ 1,894,006	\$ 2,985,208

Depreciation expense included in exploration and evaluation assets was \$1,336,346 (2013 – \$1,409,190) and depreciation expense in statement of loss was \$25,379 (2013 – \$34,267) for the year ended December 31, 2014.

**Midas Gold Corp.****Notes to Consolidated Financial Statements****For the years ended December 31, 2014 and December 31, 2013****(expressed in US dollars)****5. Exploration and Evaluation Assets**

At December 31, 2014 and December 31, 2013, the Corporation's exploration and evaluation assets at the Stibnite Gold Project ("Stibnite Gold" or "Project" and formerly known as the Golden Meadows Project) were as follows:

	December 31, 2013	Additions	December 31, 2014
<b>Acquisition Costs</b>			
Interest on notes payable	\$ 105,954	\$ 8,181	\$ 114,135
Mineral claims	81,593,436	315,295	81,908,731
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest	(13,548,460)	-	(13,548,460)
<b>Exploration and Evaluation Expenditures</b>			
Consulting and labour cost	26,368,269	4,163,358	30,531,627
Drilling	37,481,570	-	37,481,571
Field office and drilling support	25,998,441	2,974,342	28,972,783
Engineering	8,695,508	2,738,574	11,434,082
Environmental and sustainability	9,810,353	3,867,222	13,677,575
Geochemistry and geophysics	4,681,092	46,195	4,727,287
Prepaid exploration and evaluation	223,241	(52,576)	170,665
<b>Balance</b>	<b>\$ 182,436,154</b>	<b>\$ 14,060,591</b>	<b>\$ 196,496,745</b>

	December 31, 2012	Additions	December 31, 2013
<b>Acquisition Costs</b>			
Interest on notes payable	\$ 92,187	\$ 13,767	\$ 105,954
Mineral claims	81,298,976	294,460	81,593,436
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest	-	(13,548,460)	(13,548,460)
<b>Exploration and Evaluation Expenditures</b>			
Consulting and labour cost	19,727,095	6,641,174	26,368,269
Drilling	32,341,086	5,140,484	37,481,570
Field office and drilling support	19,871,896	6,126,545	25,998,441
Engineering	5,623,972	3,071,536	8,695,508
Environmental and sustainability	6,306,600	3,503,753	9,810,353
Geochemistry and geophysics	4,149,460	531,632	4,681,092
Prepaid exploration and evaluation	340,500	(117,259)	223,241
<b>Balance</b>	<b>\$ 170,778,522</b>	<b>\$ 11,657,632</b>	<b>\$ 182,436,154</b>

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**5. Exploration and Evaluation Assets (continued)**

**Summary**

The Corporation acquired title to the Stibnite Gold Project through several transactions. All title is held at 100% through patented and unpatented mineral claims, except the Cinnabar claims which are held under an option to purchase agreement, and all of the Stibnite Gold Project is subject to the Franco-Nevada royalty described below.

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 December 31, 2014, three payments of \$100,000 remain outstanding and \$450,000 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.

**Sale of Royalty Interest**

On May 9, 2013, Midas Gold entered into an agreement with Franco-Nevada Corporation ("Franco-Nevada") whereby for gross proceeds of \$15,000,000 Franco-Nevada was granted a perpetual 1.7% net smelter returns royalty on any future gold production from the Stibnite Gold Property and 2,000,000 share purchase warrants that are exercisable into 2,000,000 common shares of Midas Gold. The royalty is collateralized by a mortgage over the claims that are subject to the royalty. The warrants have an exercise price of C\$1.23 and expire in ten years. Midas Gold has a one-time right to repurchase one third of the royalty for \$9,000,000 before May 9, 2016. The Corporation incurred costs of \$565,540 associated with this transaction.

A value of \$886,000 was assigned to the warrants at the date of the transaction and has been recorded as a warrant derivative (Note 7). After determining the value of the warrants, the residual proceeds of \$13,548,460, net of transaction costs, have been offset against exploration and evaluation assets.

**6. Notes Payable**

The promissory notes have a fixed interest rate of 3% per annum, have a combined annual payment of \$200,000 due annually on June 2 and mature on June 2, 2015. The Estate of JJ Oberbillig note payable is collateralized by a mortgage over the claims that were purchased from the Estate of JJ Oberbillig. The Oberbillig Group note payable is collateralized against the Oberbillig Royalty (5% net smelter returns royalty held by the Corporation) over the claims that are now held by the Corporation.

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**6. Notes Payable (continued)**

Notes payable at December 31, 2014 and December 31, 2013, are as follows:

	Note Payable Estate of JJ Oberbillig	Note Payable Oberbillig Group	Total
Balance, December 31, 2012	\$ 113,147	\$ 452,577	\$ 565,724
Principal repayments	(36,605)	(146,423)	(183,028)
Balance, December 31, 2013	\$ 76,542	\$ 306,154	\$ 382,696
Principal repayments	(37,704)	(150,815)	(188,519)
Balance, December 31, 2014	\$ 38,838	\$ 155,339	\$ 194,177
Current portion			\$ 194,177
Long term portion			-
			<u>\$ 194,177</u>

Interest expense for the year ended December 31, 2014 was \$8,181 (2013 - \$13,767) and the full amount was capitalized to exploration and evaluation expenditures. Accrued interest payable of \$3,339 (2013 - \$6,700) is included in trade and other payables.

**7. Warrant Derivative**

The exercise price of certain warrants and Finder's 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. Warrants and Finder's Options with an exercise price denominated in a currency that is different from the entity's functional currency 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 (income) loss and comprehensive (income) loss. However, there are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants or Finder's Options.

On May 9, 2013, the Corporation issued 2,000,000 share purchase warrants to Franco-Nevada (Note 5). The warrants are exercisable into 2,000,000 common shares of the Corporation at C\$1.23 per warrant. The warrants contain a mandatory conversion feature which requires Franco-Nevada 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 warrants expire on May 9, 2023.

In March 2014, the Corporation issued 7,083,810 share purchase warrants as part of a private placement of units (Note 8). Each share purchase warrant entitles the holder to purchase one common share of the Corporation at a price of C\$1.20 for a period of two years. These and the Franco-Nevada warrants are considered to be a derivative and are required to be recognized and measured at fair value at each reporting period.

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**7. Warrant Derivative (continued)**

In March 2014, the Corporation issued 410,750 Finder's Options ("Finder's Options") as a part of a private placement of units ("Unit") (Note 8). Each Unit consists of one common share in the capital of the Corporation (a "Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share of the Corporation at a price per Warrant Share of C\$1.20 for a period of two years. Each Finder's Option entitles the holder to acquire one Unit of the Corporation at a price of C\$0.99 for a period of two years. The Finder's Options are considered to be a derivative and are required to be recognized and measured at fair value at each reporting period.

Upon exercise of the warrants or Finder's Options, the warrant or Finder's Option holders will pay the Corporation the respective exercise price for each warrant or Finder's Option exercised in exchange for one common share or one Unit of Midas Gold. Any warrants or Finder's Options exercised will be measured at 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 Finder's Options that expire unexercised will be recorded as a gain in the statement of net loss and comprehensive loss.

A reconciliation of the change in fair value of the warrant derivative is below:

	<b>Warrant Derivative</b>
Balance, May 9, 2013	\$ 886,000
Change in fair value of warrant derivative	(158,000)
Balance, December 31, 2013	\$ 728,000
Value of warrants issued	1,411,562
Value of Finder's Options issued	131,879
Change in fair value of warrant derivative	(1,815,091)
Balance, December 31, 2014	\$ 456,350

The fair value of the warrants was calculated using a Black-Scholes valuation model. The key inputs used by the Black-Scholes valuation model are:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Fair value of related warrants outstanding	\$0.05	\$0.39
Risk-free interest rate	1.1%	2.8%
Expected term (in years)	2.3	7.4
Expected share price volatility	65%	64%

**8. 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.

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**8. Share Capital (continued)**

*b. Common Shares Issued*

*(i) Common Shares Issued for Cash during the Year Ended December 31, 2014*

In March 2014, the Corporation closed a non-brokered private placement in two tranches for an aggregate of 14,167,621 Units at a price of C\$0.90 per Unit, for gross proceeds of C\$12.8 million (\$11.5 million). Each Unit consists of a share in the capital of the Corporation and one-half of one common share purchase Warrant. Each Warrant entitles the holder to acquire one additional common share of the Corporation at a price per Warrant Share of C\$1.20 for a period of two years. The net proceeds of C\$12.1 million (\$10.9 million) were distributed between the common shares, C\$10.5 million (\$9.5 million), and warrants, C\$1.6 million (\$1.4 million), based on their relative fair values.

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

*(ii) Common Shares Issued for Cash during the Year Ended December 31, 2013*

On July 4, 2013, the Corporation closed a non-brokered private placement for 12,740,000 common shares at a price of C\$0.77 per share, for gross proceeds of C\$9,809,800 (\$9,316,367) to Teck Resources Limited. The Corporation incurred share issue costs of \$41,826 in connection with the private placement.

*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 third vesting upon issuance and one third 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 year ended December 31, 2014 and 2013 is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price (C\$)</b>
Balance, December 31, 2012	9,510,000	\$ 2.85
Options granted	1,090,000	0.79
Options forfeited	(505,000)	2.92
Balance, December 31, 2013	10,095,000	\$ 2.62
Options granted	1,392,000	0.72
Options forfeited	(638,667)	2.16
Options exercised	(3,333)	0.71
Balance, December 31, 2014	10,845,000	2.40

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**8. Share Capital (continued)**

Subsequent to December 31, 2014, the Corporation granted 2,618,000 stock options with a weighted average exercise price of C\$0.46 and will expire in five years.

During the year ended December 31, 2014, the Corporation's total share based compensation was \$675,451 (2013 - \$2,251,266) of which \$458,978 (2013 - \$878,268) was allocated to exploration and evaluation assets and \$216,473 (2013 - \$1,372,998) was allocated to share based compensation expense.

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>2014</b>	<b>2013</b>
Fair value options granted	\$0.38	\$0.42
Risk-free interest rate	1.43%	1.57%
Expected term (in years)	5.0	5.0
Expected share price volatility	64%	63%
Expected dividend yield	0.0%	0.0%
Expected forfeiture	5.0%	5.0%

An analysis of outstanding share purchase options as at December 31, 2014 is as follows:

Weighted Average Exercise Price (C\$)	Options Outstanding		Options Exercisable		Expiry Date
	Number	Remaining Contractual Life (Years)	Number	Remaining Contractual Life (Years)	
\$ 2.50	5,760,000	1.3	5,760,000	1.3	Apr-18-2016
3.25	910,000	1.4	910,000	1.4	Jun-06-2016
3.76	450,000	1.7	450,000	1.7	Sep-26-2016
4.10	350,000	1.9	350,000	1.9	Dec-7-2016
3.95	450,000	2.0	450,000	2.0	Jan-4-2017
3.50	170,000	2.2	170,000	2.2	Mar-30-2017
3.10	250,000	2.7	166,666	2.7	Sep-7-2017
3.10	235,000	2.8	156,667	2.8	Oct-9-2017
0.71	490,000	3.4	343,333	3.4	May-22-2018
0.89	500,000	3.6	166,667	3.6	July-31-2018
0.72	1,232,000	4.0	410,667	4.0	Jan-8-2019
0.95	8,000	4.1	2,667	4.1	Feb-3-2019
0.72	40,000	4.7	13,333	4.7	Aug 28-2019
\$ 2.40	10,845,000	2.0	9,350,000	1.7	

A summary of Finder's Options activity for the year ended December 31, 2014:

	Number of Finder's Options	Weighted Average Exercise Price (C\$)
Balance, December 31, 2013	-	\$ -
Options granted	410,750	0.99
Balance, December 31, 2014	410,750	\$ 0.99



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**8. Share Capital (continued)**

An analysis of outstanding Finder's Options as at December 31, 2014 is as follows:

<b>Weighted Average Exercise Price (C\$)</b>	<b>Outstanding and Exercisable</b>	<b>Remaining Contractual Life (Years)</b>	<b>Expiry Date</b>
\$ 0.99	371,250	1.2	Mar-4-2016
0.99	39,500	1.2	Mar-7-2016
<b>\$ 0.99</b>	<b>410,750</b>	<b>1.2</b>	

**c. Warrants**

A summary of warrant activity for the year ended December 31, 2014:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (C\$)</b>
Balance, December 31, 2012	1,333,334	\$ 0.48
Warrants granted	2,000,000	1.23
Balance December 31, 2013	3,333,334	\$ 0.93
Warrants granted	7,083,810	1.20
<b>Balance, December 31, 2014</b>	<b>10,417,144</b>	<b>\$ 1.11</b>

An analysis of outstanding share purchase warrants as at December 31, 2014 is as follows:

<b>Weighted Average Exercise Price (C\$)</b>	<b>Warrants Outstanding and Exercisable</b>	<b>Remaining Contractual Life (Years)</b>	<b>Expiry Date</b>
\$ 0.48	1,333,334	1.1	Feb-14-2016
1.20	6,588,810	1.2	Mar-4-2016
1.20	495,000	1.2	Mar-7-2016
1.23	2,000,000	8.4	May-9-2023
<b>\$ 1.11</b>	<b>10,417,144</b>	<b>2.6</b>	

**9. 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.

At December 31, 2014, the Corporation's capital structure consists of equity of the Corporation. The Corporation is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Corporation does not pay dividends.

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**9. Risk Management and Financial Instruments (continued)**

In the year ended December 31, 2014, there were no significant changes in the processes used by the Corporation or in the Corporation's objectives and policies for managing its capital. As at December 31, 2014, the Corporation's available capital resources, consisting of cash and cash equivalents total \$9,622,499 (2013 - \$14,589,264). As at December 31, 2014, the Corporation's total liabilities are \$1,585,043 (2013 - \$3,351,339). The Corporation believes that sufficient capital resources are available to support further exploration and development of its mining assets or can be raised through the issuance of additional equity.

The Corporation's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, notes payable, accrued interest payable 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, notes payable and accrued interest payable are designated as other financial liabilities, which are measured at amortized cost. The warrant derivatives and finders options are designated at fair value through profit or loss. The cash and cash equivalents, trade and other receivables, trade and other payables and accrued interest payable 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.

The warrant derivative is classified at level 2.

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, 2014 all trade and other payables were due within 30 days.

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**9. Risk Management and Financial Instruments (continued)**

c) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a loss is limited because at present the Corporation holds all of its surplus cash in an interest bearing account and investment-grade short-term deposit certificates issued by its banking institutions. The Corporation monitors its investments and the credit worthiness of its banks. The Corporation's other financial liabilities include the notes payable, which bear interest at a fixed rate as described in Note 6 until June 2, 2015 and therefore has no interest rate risk.

d) 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. 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:

	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 1,068,185	\$ 5,576,038
Trade and other receivables	81,397	59,473
Trade and other payables	(165,156)	(321,764)
	<u>\$ 984,426</u>	<u>\$ 5,313,747</u>

A five percent change in the US dollar exchange rate to the Canadian dollar would impact the Corporation's earnings by \$57,102 (2013 - \$282,585).

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.

**10. 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:

	<b>2014</b>	<b>2013</b>
Assets by geographic segment, at cost		
Canada		
Current assets	\$ 9,473,111	\$ 14,514,111
Non-current assets	25,018	50,398
	<u>9,498,129</u>	<u>14,564,509</u>
United States		
Current assets	291,246	228,001
Non-current assets	199,474,935	186,622,564
	<u>199,766,181</u>	<u>186,850,565</u>
	<u>\$ 209,264,310</u>	<u>\$ 201,415,074</u>

**Midas Gold Corp.****Notes to Consolidated Financial Statements****For the years ended December 31, 2014 and December 31, 2013****(expressed in US dollars)****11. Compensation of Key Management Personnel**

During the year ended December 31, 2014, compensation of directors and officers and other key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Corporation was:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Salaries and benefits	\$ 992,734	\$ 1,306,227
Share based compensation	135,890	586,166
	<u>\$ 1,128,624</u>	<u>\$ 1,892,393</u>

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

**12. 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:

	<b>2014</b>	<b>2013</b>
Net income (loss)	\$ (573,744)	\$ (3,795,566)
Statutory tax rate	39.37%	38.47%
Recovery of income taxes computed at statutory rates	\$ (225,900)	\$ (1,460,165)
Tax losses not recognized in the period that the benefit arose	603,074	936,193
Share based compensation and other permanent differences	(377,174)	523,972
Income tax recovery	<u>\$ -</u>	<u>\$ -</u>

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

	<b>2014</b>	<b>2013</b>
Tax losses	\$ 13,972,398	\$ 9,238,984
Buildings and equipment	167,129	(88,320)
Exploration and evaluation assets	(14,139,527)	(9,150,664)
Total	<u>\$ -</u>	<u>\$ -</u>

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

	<b>2014</b>	<b>2013</b>
Tax losses	\$ 5,943,313	\$ 4,131,373
Other future deductions	908,089	1,419,793
	<u>\$ 6,851,402</u>	<u>\$ 5,551,166</u>

As at December 31, 2014, 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.

**Midas Gold Corp.****Notes to Consolidated Financial Statements****For the years ended December 31, 2014 and December 31, 2013****(expressed in US dollars)**

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**12. Income taxes (continued)**

As of December 31, 2014, the Corporation has US loss carry forwards of approximately \$42,118,000 (2013 - \$28,446,000) of which \$5,943,000 (2013 - \$4,131,000) have not been recognized. The Corporation also has Canadian loss carry forwards of approximately \$12,886,000 (2013 - \$9,334,000) available to reduce future years' income for tax purposes which have not been recognized. The Corporation also has tax pools related to Buildings and Equipment and Exploration and Evaluation assets of approximately \$3,405,000 (2013 - \$3,989,000) and \$77,419,000 (2013 - \$75,484,000), respectively, which are available to offset future taxable income. 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:

<b>Expiry of Tax Losses:</b>	<b>US</b>		<b>Canada</b>	
December 31, 2029	\$	342,000	\$	-
December 31, 2030		983,000		-
December 31, 2031		9,998,000		1,881,000
December 31, 2032		16,346,000		3,662,000
December 31, 2033		777,000		3,791,000
December 31, 2034		13,672,000		3,552,000
	\$	42,118,000	\$	12,886,000

The Corporation also has other future deductions available in the US and Canada of approximately \$80,000 (2013 - \$10,000) and \$2,681,000 (2013- \$3,547,000), respectively for which the benefit has not been recognized.

**13. Supplemental Cash flow Information**

<b>Non-cash financing and investing activities</b>	<b>December 31,</b>		<b>December 31,</b>	
		<b>2014</b>		<b>2013</b>
Share based compensation included in exploration and evaluation assets	\$	458,978	\$	878,269
Depreciation capitalized in exploration and evaluation assets	\$	1,313,002	\$	1,409,191
Transfer of equity reserve upon exercise of options and warrants	\$	1,212	\$	-

**Midas Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and December 31, 2013**  
**(expressed in US dollars)**

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**14. Commitments**

Other material commitments are disclosed in Note 5 and 6.

a. Office Rent

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

	<b>December 31, 2014</b>		
	<b>Within one year</b>	<b>After one year but not more than five years</b>	<b>Total</b>
Minimum rental payments	\$ 255,980	\$ 252,728	\$ 508,708

b. Mining Claim Assessments

The Corporation currently holds mining claims on which it has an annual assessment obligation of \$215,000 in order to maintain the claims in good standing. The Corporation is committed to these payments indefinitely.