



NEWS RELEASE

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Midas Gold to enter Strategic Relationship with Paulson & Co. and raise C\$55.2 Million Funds to Advance the Stibnite Gold Project, Idaho

VANCOUVER, BRITISH COLUMBIA – Midas Gold Corp. (TSX:MAX / OTCQX:MDRPF) (“Midas Gold” or the “Company”) today announced that it has entered into a letter of intent with Paulson & Co. Inc., on behalf of the several investment funds and accounts managed by it (“Paulson”), pursuant to which Midas Gold will conduct an offering of Canadian dollar denominated 0.05% senior unsecured convertible notes (the “Notes”) to be issued by a wholly owned subsidiary (the “Issuer”) to Paulson on a private placement basis (the “Note Offering”). Concurrently, Midas Gold will complete an offering of Notes to certain of the Company’s existing shareholders (the “Existing Shareholder Offering” and, together with the Note Offering, the “Offering”) for total gross proceeds of C\$55.2 million. The Notes will have a term of seven years and may be converted into common shares of Midas Gold at a price of C\$0.3541 per share. The maximum gross proceeds of the Existing Shareholder Offering will be C\$20.7 million, with the Note Offering to comprise the balance of the C\$55.2 million to be raised.

Shareholder Support

All of the directors and officers of the Company have agreed to support the Offering at a meeting of shareholders to be convened to approve the Offering (the “Meeting”). Midas Gold intends to collect written support agreements from existing shareholders prior to the Meeting.

Use of Proceeds

Midas Gold intends to use the proceeds from the Offering to advance its Stibnite Gold Project (the “Project”) in Idaho. In December 2014, Midas Gold completed a preliminary feasibility study (“PFS”) which identified an environmentally sound and economically feasible Project that could also finance the restoration of what is an extensively disturbed brownfields site. Midas Gold has since (i) extensively engaged with local communities and other stakeholders in respect of the development and site restoration concepts for the Project; (ii) completed a number of optimization and risk reduction technical studies that would be required to support a feasibility study and/or a permit application; and (iii) essentially completed environmental baseline studies for the Project required to support a permit application. Additionally, Midas Gold is in the process of preparing a draft plan of operations that could be used to support requisite permit applications for the development of the Stibnite Gold Project. In tandem with ongoing corporate cost cutting initiatives undertaken by the Company over the past three years, which are continuing, it is expected that the gross proceeds of the Offering along with Midas Gold’s current working capital will be sufficient to fund ongoing stakeholder engagement, the environmental assessment and permitting process on the Project, and completion of a feasibility study for the Project.

“The Company believes the Stibnite Gold Project is at a critical juncture. With a long life project (as defined in the PFS) that includes three years of site clean-up and construction, 12 years of production (excluding resource upside), and culminating in the final restoration of the site, the clearest path to



additional value creation is to see the Project advanced through environmental assessment and permitting and to complete a bankable feasibility study. Midas Gold carefully considered the structure and timing of this financing package and, though we do not take the potential share dilution lightly, we also realize that certainty of capital is essential before entering into the permitting process and we believe the Company's value proposition and leverage to gold remain exceptionally high. We are pleased to welcome Paulson as a strategic investor, and wish to thank our existing shareholders for their continued support," commented Stephen Quin, President & CEO of Midas Gold.

"We are excited to be investing in one of North America's largest, highest quality gold development projects," said Victor Flores, Partner, Paulson and Co. "With funding certainty, the team at Midas Gold will be able to continue to advance the Stibnite Gold Project. Following shareholder approval, we look forward to working with Midas Gold to see this project through the regulatory process, and into site restoration and development."

During the past five years, Midas Gold has transitioned the Project from exploration to resource delineation, through a preliminary economic assessment that was followed by mineral reserve definition drilling that culminated in the PFS. In parallel with these activities, Midas Gold has conducted extensive, multi-year environmental baseline programs to determine and define existing environmental conditions at this brownfields site, while reaching out to communities of interest for their views and perspectives on the future of the Stibnite Gold Project site. The Company has focused on how best to remediate and repair the historic disturbance at the site during the construction and operating periods, how to incorporate concurrent reclamation and how to minimize new disturbance. Midas Gold's goal has been to determine how best to protect the environment and provide stable and secure features that will serve as the foundation for a long-term productive and naturally sustainable ecosystem that incorporates permanent fish passage through the area for the first time since the 1930s. The ultimate objective is the permanent restoration of the site.

"We acknowledge the impact on shareholders resulting from share price declines over the past several years and the effect of the proposed financing, but we assure our shareholders that appropriate measures have been and will continue to be taken to ensure these funds are levered to the maximum benefit of the Project – everyone is being asked to do more with less," said Mr. Quin. Weak equity markets and declining metal prices over the past several years, combined with the transitions related to the advancement of the Project, have necessitated significant reductions in personnel and G&A. Since our peak of activity in 2012, we have reduced our workforce by more than 80% and have reduced our G&A costs by more than 40%. To ensure we use the proceeds of the Offering as efficiently, effectively and responsibly as possible, we intend to further reduce G&A expenditures going forward, as the Company positions itself for its future activities.

Note Terms

The Notes will mature seven years after issuance and are convertible by the holders thereof (the "**Noteholders**") at any time prior to the maturity of the Notes, into common shares of the Company ("**Common Shares**") at a conversion price of C\$0.3541 per share, being the trailing 10-day volume weighted average closing price of the Company's Common Shares on the TSX ("**VWAP**") immediately prior to announcement. The Notes will be redeemable, at the option of the Issuer, at any time after the fourth anniversary of the initial issue date of the Notes, provided that the 20-day VWAP is not less than



200% of the Conversion Price (or C\$0.7082 per share) at the time of redemption and subject to the conversion rights of the Noteholders.

The Notes will constitute a senior unsecured obligation of the Issuer, ranking equally with other existing and future senior unsecured indebtedness and ranking senior to any existing or future subordinated indebtedness, and will bear interest at a rate of 0.05% per year, payable annually, which may be paid in cash or common shares (based on the 10-day VWAP on the due date) at the Issuer's election. Upon a change of control, the Issuer will offer to repurchase the Notes at a price equal to 100% of the principal amount of the Notes plus accrued interest.

Midas Gold intends to finalize the potential participation by current shareholders in the Existing Shareholder Offering by the close of business on Wednesday February 24, 2016.

Conditions

Closing of the Offering is conditional upon the execution of definitive documentation, satisfaction of customary closing conditions and deliveries, the receipt of all required regulatory approvals, the entry into of an investor rights agreement between the Company and Paulson (the "**Investor Rights Agreement**") and the receipt of shareholder approval of the Offering, including Paulson's ownership of Common Shares (or Notes convertible into Common Shares), at the Meeting to be convened in due course. An information circular outlining the details of the Offering and the voting instructions related thereto, together with a form of proxy, will be mailed to shareholders in respect of the Meeting.

The Investor Rights Agreement will contain terms including: (i) Paulson will not acquire common shares of the Company that will cause Paulson's aggregate holdings (assuming conversion of Paulson's Notes into common shares) at any time to exceed 49.9% of the then-outstanding Common Shares; (ii) agreement to the use of proceeds in line with the Company's 3-year budget, which budget may be revised in certain circumstances in the event of a material adverse change; (iii) so long as Paulson owns 20% or more of the outstanding Common Shares (on a fully-diluted basis), the Company will not incur certain indebtedness without Paulson's prior approval, such approval not to be unreasonably withheld; (iv) the right to nominate one director for so long as Paulson owns 10% or more, and two directors for so long as Paulson owns 20% or more, of outstanding Common Shares on a fully diluted basis; (v) certain matters will require the approval of six of seven directors, including the sale of all or substantially all of the Company's assets, entering into a joint venture for the Stibnite Gold Project, a business combination of some form, equity financings in certain circumstances, and changes to the approved budget. Further, so long as Paulson owns Common Shares or Notes convertible into Common Shares representing at least 20% of outstanding Common Shares, it shall have the right, at their own *pro-rata* cost, to have a sale of common shares qualified by a Canadian prospectus on a demand basis up to two times per annum for minimum gross proceeds of US\$10 million each, and on a piggy-back basis at any time the Company files a prospectus. In addition, so long as Paulson owns at least 10% of outstanding Common Shares (assuming conversion of Paulson's Notes), Paulson will have a right of first offer on any additional equity financing and may participate in any future security issuances to maintain its *pro rata* interest in the Company.

Upon completion of the Offering, Midas Gold will appoint two individuals nominated by Paulson to its board of directors.



It is expected that the Offering will close as soon as practicable following receipt of shareholder and regulatory approval.

Advisors

Haywood Securities Inc. is acting as financial advisor to Midas Gold. Dumoulin Black LLP is acting as Canadian legal counsel, and Dorsey & Whitney LLP is acting as US legal counsel to Midas Gold; Thorsteinssons LLP and Covington & Burling LLP provided Canadian and US tax advice, respectively, to Midas Gold. Goodmans LLP is acting as Canadian counsel to Paulson and Kleinberg, Kaplan, Wolff & Cohen P.C. is acting as US tax counsel to Paulson.

This news release does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold within the United States unless an exemption from such registration is available.

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About Paulson & Co.

Paulson & Co. Inc., founded in 1994, is an investment management firm that manages approximately US\$16.1 billion as of January 1, 2016 and employs approximately 132 employees in offices located in New York, London and Hong Kong.

About Midas Gold and the Stibnite Gold Project

Midas Gold Corp., through its wholly owned subsidiaries, is focused on the exploration and, if warranted, development of gold-antimony-silver deposits in the Stibnite-Yellow Pine district of central Idaho that are encompassed by its Stibnite Gold Project.

Forward-Looking Statements

Statements contained in this news release that are not historical facts are "forward-looking information" or "forward-looking statements" (collectively, "Forward-Looking Information") within the meaning of applicable Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Forward-Looking Information includes, but is not limited to, disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action; and the plans for completion of the Offering, expected use of proceeds and business objectives. In certain cases, Forward-Looking Information can be identified by the use of words and phrases such as "anticipates", "expects", "understanding", "has agreed to" or variations of such words and phrases or statements that certain actions, events or results "would", "occur" or "be achieved". Although Midas Gold has attempted to identify important factors that could affect Midas Gold and may cause actual actions, events or results to differ materially from those described in Forward-Looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, including, without limitation, the risks and uncertainties related to the Offering not being completed in the event that the conditions precedent thereto are not satisfied; uncertainties related to raising sufficient financing in a timely manner and on acceptable terms. In making the forward-looking statements



in this news release, Midas Gold has applied several material assumptions, including the assumptions that (1) the conditions precedent to completion of the Offerings will be fulfilled so as to permit the Offerings to be completed in or about April of 2016; (2) all necessary approvals and consents, including shareholder approval, in respect of the Offering will be obtained in a timely manner and on acceptable terms; and (3) general business and economic conditions will not change in a materially adverse manner. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information. Except as required by law, Midas Gold does not assume any obligation to release publicly any revisions to Forward-Looking Information contained in this news release to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.