



NEWS RELEASE

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Midas Gold Provides Update on Previously Announced C\$55.2 Million Financing *Shareholder Approval to be Sought in Writing*

VANCOUVER, BRITISH COLUMBIA – Midas Gold Corp. (TSX:MAX / OTCQX:MDRPF) (“Midas Gold” or the “Company”) is in the process of seeking shareholder approval in writing of its previously announced offering of Canadian dollar denominated 0.05% senior unsecured convertible notes (the “Notes”) to be issued by a wholly owned subsidiary of the Company (the “Issuer”) to Paulson & Co. Inc., on behalf of the several investment funds and accounts managed by it (“Paulson”) on a private placement basis (the “Note Offering”) and concurrent offering of Notes and/or Shares (as defined below) 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\$55,204,000.

Shareholder Approval to be Sought in Writing

In accordance with the policies of the Toronto Stock Exchange (the “TSX”), where a private placement has a material effect on control of the issuer; the private placement is for a number of listed securities greater than 25% of securities of the issuer which are outstanding; and where the anti-dilution provisions of the Notes provide for adjustments for events for which not all securityholders are compensated and may result in securities being issued at a price lower than market price less the applicable discount, the approval of shareholders is required, either by an ordinary resolution obtained at a meeting of shareholders or by the written consent of shareholders holding more than 50% of the outstanding common shares, excluding the votes attached to the securities held by insiders benefiting from those anti-dilution provisions.

In light of the significant support shown through the signing of written voting support agreements by shareholders holding in excess of 50% of the outstanding Midas Gold common shares (“Shares”), as disclosed in a news release dated February 29, 2016, Midas Gold is proceeding with seeking shareholder approval of the Offering in writing rather than at a meeting of shareholders, which is expected to accelerate the timing of the closing of the Offering compared to the expected timeframe if a meeting were required.

Securities Issuable Under the Offering

Assuming that all of the Notes are converted into Shares and issuance of the Advisory Fee Shares (as defined below), a total of up to 156,252,470 Shares (representing 97.15% of the Company’s currently issued and outstanding Shares) would be issued under the Offering, resulting in the currently issued number of Shares increasing from 160,829,280 Shares to 317,081,750 Shares. Completion of the Offering would result in, among other things, Paulson having ownership of Shares, or Notes convertible into Shares, representing more than 20% of Midas Gold’s outstanding Shares; Paulson would hold 97,437,165 Shares representing 30.73% of the then-issued Shares (assuming conversion of all of the Notes and issuance of the Advisory Fee Shares) or 37.68% of the then-issued Shares (assuming conversion of only Paulson’s Notes into Shares, issuance of the Advisory Fee Shares and no Shares being



purchased under the Existing Shareholder Offering). As at the date of this news release, Paulson does not hold any Shares nor any securities convertible into Shares.

The table below sets out the potential amount of Notes (and Shares into which such Notes are convertible) that could be held by Paulson upon completion of the Offering, based on the minimum, median and maximum amounts of gross proceeds raised under the Existing Shareholder Offering. Paulson's participation in the Note Offering shall be for an amount equal to C\$55,204,000 less the amount raised under the Existing Shareholder Offering.

Table 1: Possible Share Ownership by Paulson

Paulson Ownership Scenario	Proceeds under Existing Shareholder Offering	Shares issuable under Existing Shareholder Offering	Proceeds under Paulson Note Offering	Shares issuable under Paulson Note Offering	Percentage of Shares held by Paulson⁽¹⁾	Total gross proceeds of Offering
Minimum	C\$20,701,500 ⁽²⁾	58,462,299 Shares	C\$34,502,500	97,437,165 Shares	37.68%	C\$55,204,000
Median	C\$10,350,750	29,231,149 Shares	C\$44,853,250	126,668,314 Shares	44.00%	C\$55,204,000
Maximum	Nil	0 Shares	C\$55,204,000	155,899,463 Shares	49.17%	C\$55,204,000

(1) On a partially diluted basis, assuming: (a) conversion of Notes held by Paulson; (b) only Notes (and not Shares) will be issued under the Existing Shareholder Offering; and (c) issuance of the Advisory Fee Shares.

(2) The Company currently expects that existing shareholders will participate under the Existing Shareholder Offering to the maximum extent of C\$20,701,500. As a result, and assuming conversion of 100% of all of the Notes, it is anticipated that Paulson would own approximately 30.73% of the outstanding Shares.

Material Terms of Offering

As disclosed on February 22 and 29, 2016, the Notes will have a term of seven years and may be converted into Shares at a price of C\$0.3541 per Share (the "**Conversion Price**"), subject to adjustment in certain circumstances. Any Shares purchased under the Existing Shareholder Offering will be sold at a price of C\$0.3541 per Share, being equal to the Conversion Price. The terms of the Offering were negotiated at arm's length and the Conversion Price of C\$0.3541 is equal to the volume-weighted average trading price ("**VWAP**") of the Shares for the 10 trading days prior to announcement of the transaction, or a 5.04% discount to the VWAP for the five trading days prior to the announcement.

The Notes will be created and issued under an indenture and a guarantee indenture (the "**Guarantee Indenture**"), to be dated as of the date of closing and to be entered into between Midas Gold, a subsidiary of Midas Gold (the "**Subsidiary**") and Computershare Trust Company of Canada. A summary of the material terms of the Notes is set out below.

1. **Conversion Price:** C\$0.3541 per Share, as may be adjusted in accordance with the terms of the Notes. Holders may convert any portion of their Notes into Shares prior to the maturity date at the Conversion Price.



2. *Ranking:* The Notes will constitute a senior unsecured obligation of the Subsidiary, ranking equally with other existing and future senior unsecured indebtedness of the Subsidiary and ranking senior to any existing or future subordinated indebtedness of the Subsidiary.
3. *Interest:* The Notes will bear interest at a rate of 0.05% per year payable annually, which may, at the Subsidiary's election (subject to TSX approval), be paid in cash or in Shares having a value equal to the amount of interest due, such Shares to be issued at a deemed price equal to the VWAP of the Shares for the five trading days immediately preceding the date that the interest is due, provided that Midas Gold may not issue Shares to Paulson to the extent such issuance would result in Paulson's aggregate ownership interest in Midas Gold, assuming conversion of Paulson's Notes into Shares, exceeding 49.9% of the outstanding Shares (calculated assuming the conversion of Paulson's Notes into Shares).
4. *Maturity:* Seven years after the initial issue date of the Notes on which the outstanding principal shall be due and payable.
5. *Redemption and Purchase:* On or after the fourth anniversary of the initial issue date to and including the maturity date, the Subsidiary may, subject to providing not more than 60 days' and not less than 30 days' prior written notice to the holders of the Notes, redeem the Notes, in whole or in part, at par together with accrued interest, if any; provided that the VWAP of the Shares at the close of trading on the TSX during the 20 trading days immediately preceding the date on which the notice of redemption is given is not less than 200% of the Conversion Price. Following provision of such a notice of redemption but prior to the redemption date contained in such notice, holders may convert the principal amount of their Notes into Shares at the then-current Conversion Price.
6. *Change of Control:* Upon a change of control, the Subsidiary shall offer to repurchase the Notes at a price equal to 100% of the principal amount of the Notes, plus accrued interest, if any.
7. *Anti-dilution:* The Notes will contain customary anti-dilution provisions. In addition, the Notes will provide that if Midas Gold issues Shares in a public or private offering at a price (the "**Offering Price**") that is less than 95% of the Conversion Price then in effect, the Conversion Price shall be reduced to a price determined by multiplying the Conversion Price then in effect by a fraction of which the numerator will be the sum of (A) the number of Shares outstanding immediately prior to the offering (the "**Additional Offering**") and (B) the number of Shares which the aggregate consideration receivable by Midas Gold under the Additional Offering would purchase at the Conversion Price and of which the denominator will be the sum of (A) the number of Shares outstanding immediately prior to the Additional Offering and (B) the number of additional Shares to be issued under the Additional Offering (the "**Anti-Dilution Provisions**"). For example, if Midas Gold were to issue 40,207,320 Shares (being 25% of its current issued and outstanding Shares, assuming only Notes are issued under the Offering and no Notes or other convertible securities have been converted or exercised), then the Conversion Price would be adjusted as set out in the table below:



Table 2: Illustrative Examples of Dilution from Hypothetical Future Financings, if Issued below the Conversion Price⁽¹⁾

Example Offering Price	Number of Shares Outstanding Immediately Prior to Additional Offering	Number of Shares to be issued under the Additional Offering	Adjusted Conversion Price	Number of Shares Issuable under Notes with Adjusted Conversion Price	Number and Percentage of Then-Outstanding Shares held by Paulson ⁽²⁾⁽⁴⁾
C\$0.10	160,829,280	40,207,320	C\$0.3033	182,023,214 ⁽²⁾ (113.18%) ⁽³⁾	113,764,508 (36.10%)
C\$0.20	160,829,280	40,207,320	C\$0.3233	170,762,188 ⁽²⁾ (106.18%) ⁽³⁾	106,726,368 (34.64%)
C\$0.30	160,829,280	40,207,320	C\$0.3433	160,813,331 ⁽²⁾ (99.99%) ⁽³⁾	100,508,332 (33.29%)

(1) Any Additional Offerings in which the Offering Price is less than 95% of the Conversion Price then in effect will result in further downward adjustments.

(2) Assuming only Notes (and no Shares) will be issued under the Existing Shareholder Offering and assuming issuance of the Advisory Fee Shares.

(3) Number of Shares issuable using the adjusted Conversion Price expressed as a percentage of the 160,829,280 Shares currently issued and outstanding.

(4) On a partially diluted basis, assuming conversion of Notes held by Paulson at the adjusted Conversion Price.

8. *Default:* The Notes will contain customary events of default and cure provisions, including cross defaults with existing and future indebtedness in excess of C\$5.0 million.
9. *Use of Proceeds:* Midas Gold will use the proceeds for permitting and feasibility studies for the Stibnite Gold Project and for working capital and general corporate purposes.

Investor Rights Agreement

On closing of the Offering, Paulson, the Subsidiary and Midas Gold will enter into an investor rights agreement (the “**Investor Rights Agreement**”) containing the following terms:

1. *Standstill:* Following closing of the Offering, Paulson will not acquire Shares that will cause its aggregate holdings of Shares at any particular time to exceed 49.9% of the then-outstanding Shares.
2. *Use of Proceeds* – Paulson and the Company have agreed on a three year budget for the Company and its subsidiaries that will commence immediately following closing of the Offering.
3. *Approval Rights* – So long as Paulson owns 20% or more of the outstanding Shares (calculated on a fully-diluted basis), without the prior written approval of Paulson and subject to certain exceptions, acting reasonably, the Company shall not, and shall not permit any subsidiary to: (a) voluntarily delist from any stock exchange where its securities are listed; (b) amend or propose any amendment to the Guarantee Indenture; (c) subordinate the Notes to any other indebtedness; (d) incur any indebtedness or guarantee any indebtedness; and (e) incur any lien, claim or security interest on assets of the Company or any subsidiary including royalty agreements, streaming agreements or long-term offtake agreements.



4. *Board of Directors* - Upon the closing of the Offering, the board of directors of Midas Gold (the “**Board**”) shall consist of seven directors of which two individuals will be selected by Paulson to serve until the next annual meeting of shareholders.
 - A. Paulson shall be entitled to designate nominees to the Board (each, a “**Board Designee**”) as follows: (a) so long as Paulson owns 10% or more of the outstanding Shares (calculated on a fully-diluted basis), Paulson shall be entitled to designate one Board Designee; and (b) so long as Paulson owns 20% or more of the outstanding Shares (calculated on a fully-diluted basis), Paulson shall be entitled to designate two Board Designees.
 - B. The Company shall, in respect of every shareholders’ meeting at which the election of directors to the Board is considered, nominate for election to the Board the Board Designee(s), and shall use its commercially reasonable efforts to obtain shareholder approval for the election of the Board Designee(s). In the event that a Board Designee is not elected to the Board at such meeting or a Board Designee resigns or is unable to serve as a director for any reason, Paulson shall be entitled to designate a replacement director and the Company agrees to appoint, subject to applicable laws and TSX requirements, such person to the Board.
 - C. So long as Paulson owns 10% or more of the outstanding Shares (calculated on a fully-diluted basis), Paulson shall be entitled to designate one Board Designee to any special committee formed by the Company to consider a material transaction provided that the Board Designees are not in a conflict of interest in relation to such transaction.
5. *Board Matters* – Following closing of the Offering, certain matters will require the approval of at least six of the seven directors of the Company or, if less than seven directors are entitled to vote on a matter, the unanimous approval of the directors voting on the matter, subject to the fiduciary duties of the directors.
6. *Prospectus Qualification* – Paulson shall be granted prospectus qualification rights which provide that so long as Paulson owns 20% or more of the outstanding Shares and/or Notes convertible into 20% or more of the outstanding Shares, it shall have the right to have distributions qualified by a Canadian prospectus: (a) on a demand basis up to two times per annum for minimum gross proceeds per demand registration of US\$10 million; and (b) on a piggy-back basis at any time the Company files a prospectus.
7. *Right of First Offer* – So long as Paulson owns at least 10% of the issued and outstanding Shares of the Company (calculated assuming the conversion of Paulson’s Notes into Shares), Paulson will have a right of first offer to provide any equity financing required by the Company.
8. *Pre-Emptive Rights* – So long as Paulson owns at least 10% of the issued and outstanding Shares of the Company (calculated assuming the conversion of Paulson’s Notes into Shares), Paulson will be granted pre-emptive rights to participate in any future issuances of debt or equity securities of the Company to maintain its pro rata interest in the Company (calculated assuming the conversion of Paulson’s Notes into Shares).



Insider Participation

Certain insiders of the Company (the “**Participating Insiders**”) have advised that they will participate in the Offering as set out below. Midas Gold will exclude votes attaching to the Shares beneficially owned or controlled by the Participating Insiders who will be purchasing Notes under the Offering and their related parties and joint actors (as applicable), for the purposes of determining whether shareholder approval of the Offering has been obtained.

Table 3: Insider Participation in the Offering

Name and Position of Insider	Number of Shares held⁽¹⁾	Percentage of Outstanding Shares held⁽¹⁾	Securities to be purchased under Offering⁽¹⁾	Percentage of participation in Offering⁽¹⁾
Peter Nixon Director & Chairman	73,000	0.045%	C\$35,410 in Notes	0.06%
Donald Young Director	27,000	0.017%	C\$10,623 in Notes	0.02%
Keith Allred Director	28,571	0.017%	C\$20,538 in Notes	0.04%
Stephen Quin Director, President & CEO	1,622,200	1.009%	C\$35,410 in Shares (100,000 Shares)	0.06%
Darren Morgans CFO	25,000	0.016%	C\$7,082 in Shares (20,000 Shares)	0.01%
Anne Labelle VP, Legal & Sustainability	170,000	0.106%	C\$106,230 in Shares (300,000 Shares)	0.19%
Wayne Hubert Director	147,000	0.091%	C\$131,017 in Notes	0.24%
Total	2,092,771	1.301%	C\$346,310⁽²⁾⁽³⁾⁽⁴⁾	0.63%

(1) Beneficially owned, directly or indirectly, or over which control is exercised by such insider and their related parties and joint actors.

(2) This amount is expected to be comprised of Notes in the aggregate principal amount of C\$197,588 (convertible into up to 558,000 Shares) and 420,000 Shares (for aggregate gross proceeds of C\$148,722) for an aggregate of up to 978,000 Shares, which Shares represent 0.61% of the Company’s currently issued and outstanding 160,829,280 Shares.

(3) On a partially diluted basis assuming conversion of all Notes held by the Participating Insiders, the Participating Insiders as a group would collectively hold, upon completion of the Offering, less than 2% of the then-outstanding Shares.

(4) Midas Gold will exclude votes attaching to an aggregate of 275,571 Shares (representing approximately 0.17% of the Company’s issued and outstanding Shares), being the Shares beneficially owned or controlled by Peter Nixon, Donald Young, Keith Allred and Wayne Hubert (all of whom have advised that they will be purchasing Notes under the Offering), for the purposes of determining whether shareholder approval of the Offering has been obtained.

Advisors and Fees

Haywood Securities Inc. (“**Haywood**”) 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.



In consideration for Haywood's services, Midas Gold has agreed to pay Haywood an advisory fee, of which Midas may elect to pay a portion through the issuance of up to 353,007 Shares at an issue price of C\$0.3541 per Share (the "**Advisory Fee Shares**"), subject to TSX approval.

Closing

It is expected that the Offering will close as soon as practicable following receipt of shareholder and regulatory approval which is expected to be in mid-March 2016.

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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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; the anticipated participation of existing shareholders in the Existing Shareholder Offering and the corresponding participation of Paulson in the Note Offering; the projected level of dilution; and the plans for obtaining shareholder approval, projected timing and 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 Offering will be fulfilled so as to permit the Offering to be completed in mid-March 2016; (2) all necessary approvals and consents, including shareholder approval by written consent, 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.