



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Midas Gold Corp. ("Midas Gold" or the "Corporation") for the three and nine months ended September 30, 2019. This MD&A should be read in conjunction with Midas Gold's unaudited condensed consolidated interim financial statements ("Interim Financial Statements") for the three and nine months ended September 30, 2019 prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34"), using accounting policies that are consistent with the International Financial Reporting Standards ("IFRS"), and the MD&A of Midas Gold for the year ended December 31, 2018. Additional corporate information, including Midas Gold's most recent Annual Information Form ("AIF") and other continuous disclosure documents can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.midasgoldcorp.com](http://www.midasgoldcorp.com).

To the extent applicable, updated information contained in this MD&A supersedes older information contained in previously filed continuous disclosure documents. Information contained on the Corporation's website that is not incorporated by reference does not form part of this MD&A. This MD&A contains forward-looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "Forward-Looking Statements" and "Risks and Uncertainties" sections in this MD&A for further information. All "\$" dollars in this MD&A are United States Dollars, unless specifically stated as "C\$" which are Canadian Dollars.

The information in this MD&A is provided as at November 12, 2019.

### OVERVIEW

Midas Gold was incorporated on February 22, 2011 under the Business Corporations Act of British Columbia. The Corporation was organized to locate, acquire, develop and restore mineral properties located principally in the Stibnite – Yellow Pine mining district in Valley County, Idaho (the "District"). The Corporation's common shares trade on the Toronto Stock Exchange ("TSX"). The corporate office of Midas Gold is located at 890 - 999 West Hastings St, Vancouver, BC, V6C 2W2, Canada.

### QUARTER HIGHLIGHTS

On August 8, 2019 the Nez Perce Tribe followed on from its Notice of Intent to sue (as reported last quarter on June 6, 2019) by filing suit in federal court on matters pertaining to water quality in the Stibnite Mining District related to historical mining activity dating back over 80 years and long before the Company acquired any rights to the site. Midas Gold is not, and has never, operated on site and is not responsible for the existing contamination but has proposed the Stibnite Gold Project ("Project") as a means for providing the much-needed cleanup of historical waste polluting the area today. Since well before the suit was filed, Midas Gold has been working closely with the Idaho Department of Environmental Quality and the United States Environmental Protection Agency to gain permission to take immediate action and learn more about the specific causes of degraded water quality in a number of locations. Midas Gold firmly believes that it is not legally responsible for cleanup of site legacy impacts caused by previous mining companies or directed by government agencies. However, the Company wants to be part of the solution. Subsequent to quarter end, in the normal progression of such litigation, Midas Gold filed a request for a stay of proceedings based on the progress in respect of ongoing discussions with Federal and State regulators on a path that would end the litigation as well as a request for a dismissal of the suit based on other considerations. Both motions have been consolidated for judicial review in mid-December and are expected to be ruled on as early as late Q4 2019. Independent from its defense of this lawsuit, the Company will continue moving forward with its longstanding work to assess and improve

water quality in the area, restore the site and return the site to environmental standards not seen in decades through responsible, modern mining.

Subsequent to Quarter end, on October 7, 2019, Midas Gold provided an update on the progress in permitting for the Project, and on advancements in the completion of a feasibility study for the Project.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking information”).

In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budget”, “estimates”, “intends”, “anticipates”, “determine” or “believes”, or variations or the negative of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

With respect to forward-looking information contained herein, the Corporation has applied several material factors or assumptions including, but not limited to, certain assumptions as to production rates, operating cost, recovery and metal costs; that any additional financing needed will be available on reasonable terms; the exchange rates for the U.S. and Canadian currencies will be consistent with the Corporation's expectations; that the current exploration, development, environmental and other objectives concerning the Project can be achieved and that the Corporation's other corporate activities will proceed as expected; that the formal review process under the National Environmental Policy Act (“NEPA”) (including a joint review process involving the United States Forest Service (“USFS”), the State of Idaho and other agencies and regulatory bodies) as well as the public comment period and environmental impact statement will proceed in a timely manner and as expected; that the progression of the litigation involving the Nez Perce Tribe will proceed and be ruled on by the court on the basis and within the time frame as expected; that the current price and demand for gold and other metals will be sustained or will improve; that general business and economic conditions will not change in a materially adverse manner and that all necessary governmental approvals for the planned exploration, development and environmental protection activities on the Project will be obtained in a timely manner and on acceptable terms; and the continuity of economic and political conditions and operations of the Corporation.

The forward-looking information contained herein is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by such forward-looking information. In addition to those discussed in the Corporation's public disclosure record, such risks and other factors include, among others, the risks and uncertainties set out under the heading “Risks and Uncertainties” in this MD&A.

Although the Corporation has attempted to identify important factors that could affect the Corporation and may cause actual actions, events or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. 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 forward-looking information. Accordingly, readers should not place undue reliance on such 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 MD&A to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## **2019 OUTLOOK AND GOALS**

During the remainder of 2019, Midas Gold’s objectives continue to be to advance the permitting process for the Stibnite Gold Project under NEPA and, in parallel, to advance the technical work and studies needed to support the completion of a feasibility study for the Project. In conjunction with the foregoing, Midas Gold will continue to engage and consult with

regulators, communities, tribes and other stakeholders to the best of its ability in respect of the concepts for the Project set out in the Plan of Restoration and Operations (“PRO”) in order to ensure that plans for the restoration and redevelopment of the Project addresses concerns and issues to the extent environmentally, technically and commercially feasible. As part of this ongoing process, Midas Gold submitted a modified version of the PRO to the regulators in Q2/19 which incorporates a number of refinements to the original PRO that are designed to reduce footprint and improve environmental outcomes and enhance habitat. This modified PRO is being considered alongside other alternatives being assessed by the regulators under NEPA. Currently, the next milestone for the Project is the publication of the Draft EIS, which is anticipated to occur on or around the end of 2019, followed by a public comment period in Q1/20 and, subsequently, the publication of a final feasibility study for the Project. The extended permitting schedule related to delays announced in 2018 and early 2019, has provided Midas Gold the opportunity to undertake certain value engineering exercises and, where appropriate, to include the results of such evaluations in the planned feasibility study. As part of this Project optimization process, Midas Gold’s personnel and its consultants are working to optimize various aspects of the Project, including mine planning, scheduling and stockpiling, plant layout and water management strategies.

The Corporation continues to balance the timing and prioritization of expenditures with the intention of delivering the Corporation’s major objectives in a timely and cost-effective manner.

## **RESULTS OF OPERATIONS**

### **Net Loss/(Income) and Comprehensive Loss/(Income)**

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>EXPENSES</b>				
Consulting	\$ 59,780	\$ 1,446	\$ 98,423	\$ 41,089
Corporate salaries and benefits	145,142	138,490	593,422	372,742
Depreciation	60,317	55,098	185,520	212,618
Directors’ fees	34,376	30,599	96,790	95,398
Exploration and evaluation	7,357,290	6,045,149	19,098,073	18,327,576
Office and administrative	40,560	51,390	96,022	132,295
Professional fees	38,415	6,612	185,298	73,471
Share based compensation	359,886	234,498	1,501,359	1,039,665
Shareholder and regulatory	36,434	55,049	270,224	259,691
Travel and related costs	55,973	56,402	170,409	187,219
<b>OPERATING LOSS</b>	<b>\$ 8,188,174</b>	<b>\$ 6,674,733</b>	<b>\$ 22,295,541</b>	<b>\$ 20,741,764</b>
<b>OTHER (INCOME)/EXPENSES</b>				
Change in fair value of warrant derivative	\$ (28,011)	\$ (94,213)	\$ (352,238)	\$ 191,016
Change in fair value of convertible note derivative	(2,944,310)	(5,121,941)	(25,581,693)	21,148,669
Finance costs	689,766	621,633	1,998,126	1,844,509
Foreign exchange (gain)/loss	(609,150)	1,246,338	1,892,579	(2,205,823)
Gain on sale of building and equipment	(18,500)	-	(18,500)	-
Interest income	(159,170)	(234,036)	(443,251)	(427,822)
Total other (income)/expenses	<b>\$ (3,069,375)</b>	<b>\$ (3,582,219)</b>	<b>\$ (22,504,977)</b>	<b>\$ 20,550,549</b>
<b>Net Loss/(Income) and Comprehensive Loss/(Income)</b>	<b>\$ 5,118,799</b>	<b>\$ 3,092,514</b>	<b>\$ (209,436)</b>	<b>\$ 41,292,314</b>

Net loss and comprehensive loss for Midas Gold for the three-month period ended September 30, 2019 was \$5.1 million compared with a loss of \$3.1 million for the comparative period in 2018. Net income and comprehensive income for the nine-month period ended September 30, 2019 was \$0.2 million, compared with a loss of \$41.3 million for the comparative period in 2018. The \$41.5 million change for the nine months was primarily attributable to a \$46.7 million increase in non-cash gains related to the change in the fair value of the embedded derivative ("Convertible Note Derivative") on the convertible notes ("Convertible Notes", see Note 7 in the Financial Statements) and a \$0.5 million increase in non-cash gains related to the change in fair value of the warrant derivative (see Note 5 in the Financial Statements). These gains were partially offset by foreign exchange losses of \$4.1 million, a \$0.8 million increase in exploration and evaluation expenses and a \$0.5 million increase in share-based compensation as compared to the prior period. As noted above, for the three and nine months ended September 30, 2019, the Corporation's main focus was the continued evaluation and advancement of the Stibnite Gold Project.

An analysis of each line item follows.

#### **Consulting**

This expense relates to consulting services provided to the Corporation that do not relate to the exploration and evaluation of the Stibnite Gold Project. The expense for the three and nine months ended September 30, 2019 is higher than the comparable periods in the previous year primarily as a result of increased costs associated with the Project finance advisor.

#### **Corporate Salaries and Benefits**

This expense results from salaries and benefits of the employees that are not directly related to the exploration and evaluation of the Stibnite Gold Project, primarily Canadian corporate employees. Salaries and benefits for the three and nine months ended September 30, 2019 are higher than the comparable periods in the prior year due to the timing and amount of short-term incentive accruals.

#### **Depreciation**

This expense relates to the depreciation of the Corporation's building and equipment. The expense for the current quarter is comparable to the same period in the previous year. The expense for the nine months ended September 30, 2019 is lower than the comparable period in the previous year due to building and equipment being fully depreciated.

#### **Directors' Fees**

Each of the Corporation's non-executive directors is entitled to annual base fees paid in quarterly installments, with the Chair of the Board, Chairs of Board Committees and Members of Board Committees receiving additional fees commensurate with each role. This expense for the three and nine months ended September 30, 2019 is consistent with the comparable periods in the previous year.

#### **Exploration and Evaluation**

This expense relates to all exploration and evaluation expenditures related to the Stibnite Gold Project, including labour, drilling, field office costs, engineering, permitting, environmental and sustainability costs. The Corporation's exploration and evaluation expenses during the three and nine months ended September 30, 2019 are higher than the same periods in the prior year primarily due to increases in permitting expenditures and legal and sustainability costs, partially offset by decreases in field office and drilling support and engineering expenditures. Additional details of expenditures incurred are as follows:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2019</b>	<b>September 30, 2018</b>	<b>September 30, 2019</b>	<b>September 30, 2018</b>
Exploration and Evaluation Expenditures				
Consulting and labor cost	1,054,379	1,286,818	3,569,996	3,908,419
Drilling	-	403	-	458,763
Field office and drilling support	800,479	1,054,681	1,661,450	2,187,351
Engineering	472,350	1,009,691	1,712,251	3,549,721
Permitting	4,591,314	2,131,932	10,103,871	6,337,877
Environmental and reclamation	-	386,200	-	1,450,145
Legal and sustainability	438,768	175,424	2,050,505	435,300
<b>Exploration and Evaluation Expense</b>	<b>\$ 7,357,290</b>	<b>\$ 6,045,149</b>	<b>\$ 19,098,073</b>	<b>\$ 18,327,576</b>

### **Office and Administrative**

This expense is primarily made up of costs associated with the maintenance of an office in Vancouver, BC. The costs for the three and nine months ended September 30, 2019 are lower than the comparable periods in the prior year primarily due to the implementation of IFRS 16 in the current year.

### **Professional Fees**

This expense relates to the legal and accounting costs of the Corporation. The costs for the three and nine months ended September 30, 2019 are higher than the comparative periods in the prior year primarily due to additional professional fees related to transactions in the current year.

### **Share Based Compensation**

This expense is due to the compensation of directors, officers, employees and consultants that are share based. Share based compensation for the three and nine months ended September 30, 2019 is higher than the comparative periods in 2018 due to 0.9 million more options being granted during Q1 2019 versus Q1 2018 and an increase in stock price, at the time of grant, over the previous year. The fair value of options granted is estimated at the time of grant using the Black-Scholes option pricing model which uses various assumptions that are outlined in the Corporation's condensed consolidated interim financial statements for the quarter ended September 30, 2019.

### **Shareholder and Regulatory**

This expense is associated with marketing, licenses and fees, and shareholder communications. The expense for the three and nine months ended September 30, 2019 is consistent with the comparable periods in the previous year.

### **Travel and Related Costs**

This expense is a result of travel and meal costs of the Corporation's directors, officers, employees and consultants whilst undertaking business on behalf of the Corporation. The expense for the three and nine months ended September 30, 2019 is consistent with the comparable periods in the previous year.

### **Change in Fair Value of Warrant Derivative**

The Corporation issued 2,000,000 warrants in a financing transaction in May 2013, with an exercise price denominated in Canadian dollars. The Corporation determined that warrants with an exercise price denominated in a currency that is different from the entity's functional currency should be classified as a derivative and carried at their fair value. Any changes in their fair value from period to period have been recorded as a gain or loss in the consolidated statement of net loss and comprehensive loss. There are no circumstances under which Midas Gold will be required to pay cash upon exercise or expiry of the warrants or finder's options (see Note 5 in the Interim Financial Statements).

### **Change in Fair Value of Convertible Note Derivative Liability**

The Corporation issued unsecured Convertible Notes with an interest rate of 0.05% per annum in March 2016 with an exercise price denominated in Canadian dollars. The Corporation determined that the Convertible Notes with an exercise price denominated in a currency that is different from the entity's functional currency should be classified as a derivative and carried at their fair value. Any changes in their fair value from inception to balance date have been recorded as a gain or loss in the consolidated statement of net loss and comprehensive loss. The Convertible Note derivative is valued at fair value in accordance with IFRS. The change in fair value is due to a decrease in the Corporation's share price. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes (see Note 7 in the Financial Statements).

### **Finance Costs**

Finance costs for the Corporation include accretion and interest expense related to the Convertible Note as described above as well as interest expense on lease liabilities resulting from the implementation of IFRS 16, Leases, in the current year. These costs are higher in the three and nine months ended September 30, 2019 as compared to the same periods in the previous year primarily due to the compounding interest on the principle balance of Convertible Notes.

### **Foreign Exchange**

This loss is a result of the translation of the Corporation's Canadian dollar denominated balances as at September 30, 2019, primarily on the Convertible Notes and the Convertible Note Derivative. Foreign exchange losses have decreased from the

comparative three months ended 2018 and increased from the comparative nine months ended 2018 due to the change in the value of the Canadian dollar compared to the US dollar.

### **Interest Income**

This income results from interest received on the Corporation's cash balances. Interest income decreased in the three months ended September 30, 2019 compared to the same period in the prior year as a result of lower average cash balances. Interest income for the nine months ended September 30, 2019 is comparable to the same period in the prior year.

### **Balance Sheet**

An analysis of the September 30, 2019 and December 31, 2018 statements of financial position of the Corporation follows.

#### **Total Assets**

Total assets decreased during the nine months ended September 30, 2019 from \$102.0 million to \$98.3 million primarily as a result of cash used in operations to fund the Stibnite Gold Project partially offset by cash received during the June 2019 financing.

#### **Equity**

Equity for the nine months ended September 30, 2019 is higher than the equity reported at December 2018 due to an increase in share capital related to the June 2019 financing and a decrease in deficit, primarily related to the movement in the Convertible Note Derivative.

#### **Total Liabilities**

Total liabilities decreased during the nine months ended September 30, 2019 from \$75.3 million to \$54.7 million, primarily as a result of the change in fair value of the Convertible Note Derivative, which decreased from \$48.5 million at December 31, 2018 to \$24.2 million at September 30, 2019. The Convertible Note Derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes (see Notes 6 and 7 in the Interim Financial Statements).

#### **Cash Flows**

Midas Gold's net change in cash and cash equivalents for the three months ended September 30, 2019 was an outflow of \$6.9 million (2018 - \$6.4 million). The net change in cash and cash equivalents for the nine months ended September 30, 2019 was an outflow of \$4.0 million (2018 - \$18.3 million inflow). The net outflows from operating activities during the first nine months of 2019 were partially offset by inflows from financing and investing activities.

Operating cash outflows for the three and nine months ended September 30, 2019 were \$6.5 million and \$18.4 million respectively (2018 - \$6.3 million and \$19.8 million respectively) and financing cash flows for the three and nine months ended September 30, 2019 were \$0.0 and a \$14.3 million inflow, respectively (2018 - \$0.0 and \$38.2 million inflows, respectively).

## **QUARTERLY RESULTS**

The net (loss)/income and comprehensive (loss)/income of Midas Gold for the previous eight calendar quarterly periods is tabulated below.

Quarter Ended	Revenue	Net Loss & Comprehensive Loss	Basic & Diluted Loss per Share	Total Assets	Long Term Liabilities	Cash Dividend
	\$	\$	\$	\$	\$	\$
September 30, 2019	-	(5,118,799)	(0.02)	98,296,817	50,494,157	-
June 30, 2019		5,351,590	0.02	105,180,331	53,399,620	-
March 31, 2019		(23,354)	0.00	96,818,816	65,508,948	-
December 31, 2018	-	(5,995,672)	(0.03)	101,950,530	71,913,461	-
September 30, 2018	-	(3,092,514)	(0.01)	109,212,038	73,472,963	-
June 30, 2018	-	(7,871,484)	(0.04)	115,434,602	76,695,238	-
March 31, 2018	-	(30,328,316)	(0.16)	83,701,538	76,007,461	-
December 31, 2017	-	(4,012,506)	(0.02)	90,641,162	52,762,758	-

The Corporation has had relatively consistent operating losses over the past two years, the most significant variances to the net loss and comprehensive loss is the change in the fair value of the warrant derivative, the Convertible Note Derivative and foreign exchange losses on the Convertible Notes and Convertible Note Derivative. Income reported in the previous quarter was primarily due to the change in fair value of the Convertible Note Derivative. Exploration and evaluation expenditures create variances dependent on the nature of the work that is being completed in each quarter. The long-term liability includes the Convertible Note Derivative, which is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash upon conversion of the Convertible Notes (see Note 6 in the Interim Financial Statements).

## CAPITAL RESOURCES AND LIQUIDITY

Capital resources of Midas Gold consist primarily of cash and cash equivalents. As at September 30, 2019, Midas Gold had cash and cash equivalents totaling approximately \$25.9 million, approximately \$0.5 million in other current assets and \$4.0 million in trade and other payables. With its current capital resources, Midas Gold has sufficient funds to continue to advance the Stibnite Gold Project towards completion of a feasibility study and to continue to advance the regulatory process related to permitting for mine development, but additional funding will be required to complete this work. During the remainder of 2019 and beyond, Midas plans to:

- Continue engaging with Project stakeholders to provide those stakeholders with the opportunity for better understanding of the Project concepts and to provide a forum for such stakeholders to provide further input into the Project, possible options and alternatives;
- Continue to collect environmental baseline data in support of the ongoing regulatory processes related to permitting for site restoration and redevelopment of the Project;
- Continue to advance the Project towards completion of a Feasibility Study;
- Continue to advance the regulatory process for the restoration and redevelopment of the Project, including the repair of legacy impacts and operation of a modern mining and processing facility that would provide a social and economic benefit to the local community and restoration of the Project site.

Midas Gold has a current liability of \$0.1 million related to the warrant derivative. There are no circumstances under which Midas Gold will be required to pay any cash upon exercise or expiry of the warrants (see Note 5 in the Interim Financial Statements).

Midas Gold has long term liabilities of \$50.3 million related to the Convertible Notes and the related embedded derivative. The Convertible Note Derivative is valued at fair value in accordance with IFRS. There are no circumstances in which the Corporation would be required to pay cash related to the \$24.2 million Convertible Note Derivative upon conversion of the Convertible Notes (see Notes 6 and 7 in the Interim Financial Statements).

Midas Gold does not anticipate the payment of dividends in the foreseeable future.

It is management's opinion, based on the Corporation's current capital resources and liquidity, that the Corporation will have sufficient assets to discharge its liabilities as they become due, to continue to advance the Stibnite Gold Project through 2019, but will require additional funding to continue to finalise permitting of, and the feasibility study on, the Project in 2020 and beyond. Since expenditures post-2019 include discretionary items, reprioritization would allow the Corporation to meet its administrative and overhead requirements by deferring certain of these discretionary expenditures.

## Contractual Obligations

### **Office Rent**

The Corporation currently has one lease agreement for office space that is considered short-term in nature and therefore not included in the implementation of IFRS 16 and included on the statement of financial position. The total rent obligation over the next five years is \$24,603 with all due within one year.

### **Mining Claim Assessments**

The Corporation currently holds mining claims on which it has an annual assessment obligation of \$250,470 to maintain the claims in good standing. The Corporation is committed to these payments indefinitely. Related to the Mining Claim

Assessments is a \$335,000 bond related to the Corporation's exploration activities.

### **Stibnite Foundation**

Upon formation of the Stibnite Foundation on February 26, 2019, the Corporation became contractually liable for certain future payments to the Foundation based on several triggering events, including receipt of a positive Record of Decision, receipt of all permits and approvals necessary for commencement of construction, commencement of construction, commencement of commercial production, and commencement of the final reclamation phase. These payments could begin as early as Q4 2020 based on the current permitting schedule and range from \$0.1 million (during permitting) to \$1 million (upon commencement of final reclamation phase) in cash each and 1.5 million in shares (on the commencement of commercial production). During commercial production, the Corporation will make payments to the Stibnite Foundation equal to 1% of Total Comprehensive Income less debt repayments or a minimum of \$0.5 million.

### **Option Payments on Mining Claims**

The Corporation is obligated to make option payments on mineral claims comprising the Cinnabar prospect, which is part of the Project, in order to maintain an option to purchase to obtain title to these claims. As at September 30, 2019, the remaining option payments due on the Cinnabar property are \$120,000, which will be paid over the next three years. The agreement includes an option to extend up to 20 years.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Corporation has no off balance sheet arrangements as of September 30, 2019 and the date of this MD&A.

## **RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

During the three and nine months ended September 30, 2019 and 2018, 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:

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Salaries and benefits	190,343	190,858	562,760	604,426
Share based compensation	102,980	75,309	411,106	336,013
	\$ 293,324	\$ 266,167	\$ 973,866	\$ 940,439

During the comparative period in the previous year, Bob Barnes retired from his role as Chief Operating Officer and therefore is no longer considered key management, however, he continues to serve the company in other capacities. No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three and nine months ended September 30, 2019 and 2018.

There were no balances outstanding with related parties at September 30, 2019.

## **MINERAL PROPERTIES**

### **Stibnite Gold Project**

The Corporation and its subsidiaries' property holdings at the Stibnite Gold Project are comprised of a contiguous package of unpatented federal lode claims, unpatented federal mill site claims, patented federal lode claims and patented mill site claims. As of September 30, 2019, this land position encompassed approximately 11,548 hectares held in 1,518 unpatented lode and mill site claims and patented land holdings. The Corporation acquired these rights under the 1872 Mining Law through a combination of transactions and staking and holds a portion under an option agreement. Bureau of Land Management claim rental payments, filings were made during the quarter and are current as of the date of this filing and the claims are all held in good standing. Normal maintenance and upkeep of the Project infrastructure continued during the quarter.

On July 31, 2019 a Federal District court overturned the federal government's approval of the Rosemont Copper Project in Arizona and halted the project citing potential issues with the USDA Forest Service's approval of the plan of operations proposed use of its unpatented lode mining claims. The Corporation is reviewing the decision to determine whether any modifications to the Corporation's strategy are warranted.

### **Permitting for Development**

On December 13, 2016, the USFS reported that it had determined that the Plan of Restoration and Operations ("PRO") filed by Midas Gold Idaho, Inc. on September 21, 2016 for the restoration, re-development and operation of the Stibnite Gold Project in Valley County, Idaho met the requirements for a plan of operations under USFS regulations allowing the USFS to commence the formal review of the Project under NEPA. The USFS completed public scoping under NEPA during the third quarter of 2017 and the regulatory and cooperating agencies are conducting reviews of the information provided by Midas Gold in its plan of restoration and operations and analyses of alternatives as required under NEPA. The NEPA review is being undertaken in a coordinated process by a total of seven federal, state and local agencies under a memorandum of understanding entered into in September 2017. The NEPA process is ongoing.

### **District Exploration**

No drilling was completed during the reporting period. Other activities continued with efforts directed at updating geological, alteration and structural modelling of the mineral resources to support value engineering design, metallurgical programs and environmental studies for the Feasibility Study and permitting.

### **Environmental and Other Matters Pertaining to the Stibnite Gold Project**

The Project is located in a historic mining district with extensive and widespread exploration and mining activity, and related environmental effects, spanning nearly 100 years from the early 1900s until today. Actions by prior operators and government agencies have addressed some of the historic environmental issues, but extensive disturbance and adverse environmental impacts remain.

For additional disclosure on Environmental and Other Matters refer to the Corporation's Annual Information Form for the years ending on December 31, 2018 and December 31, 2017, the prospectus dated June 30, 2011, the short form prospectus dated March 8, 2012 and the preliminary and final shelf prospectus dated March 12, 2019 and April 4, 2019, respectively. The Corporation is, and in future will continue to be, subject to federal, state and local statutes, rules and regulations related to, among other things, environmental protection, site access and construction activities. The environmental effects, if any, of current and future activities will be monitored and, where appropriate, mitigated, reclaimed and restored by the Corporation's subsidiaries.

A number of environmental studies and regulatory investigations in the District identified numerous areas of potential environmental degradation related to past mining. In the past, regulatory actions under the *Comprehensive Environmental Response, Compensation, and Liability Act* ("CERCLA"), the *Resource Conservation and Recovery Act* ("RCRA"), and state law have been taken by the U.S. Environmental Protection Agency ("EPA"), the USFS and the Idaho Department of Environmental Quality ("IDEQ") against historic mining operators. All of these regulatory activities and related clean-up programs pre-date any ownership or activity by the Corporation's subsidiaries and neither the Corporation nor its subsidiaries were ever operators on the site. Prior to its acquisitions in the District, the Corporation's subsidiaries conducted all appropriate inquiries into the previous ownership and uses of the site, which is comprised of formal assessments of the properties encompassing the Project, in order to maintain landowner liability protection as a bona fide prospective purchaser under CERCLA stemming from the presence of contamination to which they have not contributed. The Corporation's subsidiaries continue to discharge their continuing CERCLA obligations in the District in order to maintain their landowner liability protection. The Corporation itself has never had any ownership in the mineral properties comprising the Project.

### **Consent Decrees under CERCLA**

Several of the patented lode and mill site claims acquired by subsidiaries of Midas Gold in the areas of the West End mill site claims previously used for processing operations are subject to a consent decree, which covers certain environmental liability and remediation responsibilities with respect to such claims. The consent decree provides the regulatory agencies (that were party to the agreement) access and the right to conduct remediation activities under their respective CERCLA and RCRA authorities as necessary and to prevent the release or potential release of hazardous substances. The consent decree also

requires that heirs, successors and assigns refrain from activities that would interfere with or adversely affect the integrity of any remedial measures implemented by government agencies. Several of the patented claims in the Hangar Flats and Yellow Pine properties acquired by subsidiaries of Midas Gold are also subject to a consent decree between the previous owner of those claims and the United States, which imposes certain obligations on that previous owner, including that the previous owner will cooperate with the EPA and USFS in those agencies' efforts to secure any government controls necessary to implement response activities.

As discussed above in the Quarter Highlights section, on June 6, 2019, the Corporation announced that it and its subsidiaries were advised by the Nez Perce Tribe that it intended to initiate legal action against the Corporation and its subsidiaries related to water quality impacts due to historical mining activity prior to Midas Gold's and its subsidiaries involvement with the site. The Tribe subsequently filed the legal action in the U.S. District Court of Idaho on August 8, 2019 and the Corporation is defending against the litigation.

Neither Midas Gold nor its subsidiaries caused the current water quality issues at the site. Neither Midas Gold nor its subsidiaries have ever conducted any mining operations at site and therefore have no control or responsibility for any pollutant discharges on the site. The Corporation's subsidiaries' actions on the Project site have been limited to studying current mineral resource potential and environmental conditions in the Stibnite Mining District, evaluating the optimal solutions for remediation and restoration and presenting those solutions to the governmental agencies with appropriate regulatory authority as part of an integrated redevelopment plan for the site. Midas Gold's subsidiaries have routinely and continually communicated with environmental regulators on the issue of the site's water quality. The Corporation's subsidiaries have regularly reported to the federal and state regulators current information on the condition of surface and groundwater and are working closely with the IDEQ and the EPA to gain permission to take further action and learn more about the specific causes of degraded water quality.

### **Plans for the Environmental Issues**

The Corporation expects that issues related to existing environmental concern will be addressed as part of the currently ongoing permitting process for future mining operations. The Corporation recognizes the need to improve overall water quality and to maintain the current designated uses for water quality standards, enhance wildlife and aquatic habitat where practicable and to reduce sediment loading in the Project area wherever feasible as a component of its ongoing activities, in addition to providing for future mining activities, should they occur.

## **CRITICAL ACCOUNTING ESTIMATES AND POLICIES**

### **Critical Accounting Estimates and Judgments**

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

Accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these consolidated financial statements include, among others, the useful lives of buildings and equipment, valuation of assets, valuation of share-based compensation, warrant and Convertible Note Derivatives, mineral resource estimates and the recoverable amount of exploration and evaluation expenditures.

Accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the accounting for its exploration and evaluation assets, recognition of deferred tax assets or liabilities, functional currency, fair value of the Convertible Note Derivative, expected economic lives of and the estimated future operating results and net cash flows from buildings and equipment and exploration and evaluation assets.

There have been no changes to accounting estimates or critical accounting judgments since December 31, 2018.

## **FINANCIAL INSTRUMENTS**

The Corporation's cash balance decreased from \$29,886,558 at December 31, 2018 to \$25,882,651 at September 30, 2019. There have been no other significant changes in the Corporation's financial instruments since December 31, 2018, with the exception of the change in fair value of the Convertible Note Derivative, which are discussed in Results of Operations.

## **OUTSTANDING SHARE DATA**

	<b>November 12, 2019</b>	<b>September 30, 2019</b>
Common shares issued and outstanding	270,656,773	270,481,773
Options outstanding	19,191,500	19,366,500
Warrants outstanding	2,000,000	2,000,000
Shares issuable on conversion of Convertible Note	140,955,666	140,955,666
<b>Total</b>	<b>432,803,939</b>	<b>432,803,939</b>

## **DISCLOSURE CONTROL AND PROCEDURES AND INTERNAL CONTROL OF FINANCIAL REPORTING**

The Corporation's management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, based on the *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

DC&P are designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Corporation is recorded, processed, summarized and reported in a timely and appropriate manner. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with international financial reporting standards. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

The Corporation's management, under the supervision of the CEO and CFO, has evaluated the design effectiveness of its DC&P and ICFR and concluded that, as of September 30, 2019, they are effective in providing reasonable assurance regarding required disclosures and the reliability of external financial reporting.

## **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

National Instrument 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No changes were made to the Corporation's ICFR in the three months ended September 30, 2019 which have materially affected, or are reasonably likely to materially affect, ICFR.

## **EXTRACTIVE SECTOR TRANSPARENCY MEASURE ACT – REPORTING**

In accordance with Canada's Extractive Sector Transparency Measures Act (the "Act") that was enacted on December 16, 2014 and brought into force on June 1, 2015, that is intended to contribute to global efforts to increase transparency and deter corruption in the extractive sector. Midas Gold reports that for the three and nine months ended September 30, 2019, it has made payments of fees and taxes, as defined by the Act, of US\$455,835 and US\$893,634 respectively, to the government entities below. The Act only requires payments greater than C\$100,000 to be reported and the Corporation will follow these requirements, however the Corporation has reported all payments above C\$5,000 for additional transparency.

<b>Quarter</b>	<b>Payee</b>	<b>Details</b>	<b>Amount</b>
2019 Q1	Nez Perce Tribe	Nez Perce tribe Ethnographic Study	\$50,000
	Idaho Department of Lands	Reimbursement of expenditures related to water quality testing at the Stibnite Gold Project	\$48,365
	Idaho Department of Environmental Quality ("IDEQ")	Reimbursement of expenditures related to on going IDEQ permitting	\$11,155
	City of Riggins	Phase II donation for stage at city park in Riggins which will be utilized for multiple fundraising events in the community	\$5,000
2019 Q2	US Forest Service	Reimbursement of salary and operating expenses for the USFS to oversee the EIS process for the Stibnite Gold Project for the first half of the year	\$194,064
	US Forest Service	Reimbursement of expenses of the Ethnographic study for the Shoshone-Paiute Tribes	\$70,850
	Idaho Department of Lands	Reimbursement of expenditures related to water quality testing at the Stibnite Gold Project	\$48,365
	Village of Yellow Pine	Community Agreement Payment	\$10,000
2019 Q3	Bureau of Land Management	Mineral Claim Fees	\$250,470
	Valley Count Road Department	Cost of resurfacing Johnson Creek Rd in accordance with a Mitigation agreement with the Nez Perce Tribe	\$147,000
	Idaho Department of Lands	Reimbursement of expenditures related to water quality testing at the Stibnite Gold Project	\$48,365
	City of New Meadows	Donation to purchase playground equipment for the City Park	\$10,000
<b>Total</b>			<b>\$893,634</b>

## USE OF PROCEEDS

The Corporation received net proceeds of \$14.1 million in June 2019 which were raised in the equity financing led by RBC Capital Markets and BMO Capital Markets. The Prospectus Supplement dated June 12, 2019 included a proposed use of proceeds that would be compared to expenditures from April 1, 2019 onwards. Use of proceeds as reported in the Prospectus Supplement included working capital as of March 31, 2019 of \$21.8 million and net proceeds from the financing transaction, for a total of \$36.0 million net funds available. A reconciliation of the use of proceeds based on the net funds available and expenditures during Q3 2019 is provided below:

Expense Category (in millions)	Proposed Use of Proceeds	Actual Use of Proceeds	Remaining to be Spent / Difference
Permitting	\$ 14.6	\$ 7.4	\$ 7.2
Legal and sustainability	2.7	1.6	1.1
Feasibility and engineering	3.2	0.8	2.4
Field operations	2.9	1.3	1.6
Consulting and labour	6.0	2.0	4.0
Corporate expenses	2.8	1.7	1.1
General working capital <sup>(i)</sup>	3.8	-	3.8
	\$ 36.0	\$ 14.8	\$ 21.2

(i) Funds included in general working capital may be allocated to corporate expenses, business development and legal expenses.

## RISKS AND UNCERTAINTIES

Midas Gold is subject to a number of significant risks due to the nature of its business and the present stage of its business development. Only those persons who can bear risk of the entire loss of their investment should invest in the Corporation's common shares, convertible debentures, warrants, options or other securities.

Midas Gold's failure to successfully address such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its common shares may decline and investors may lose all or part of their investment. Midas Gold cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Estimates of mineral resources and mineral reserves are inherently forward-looking statements subject to error. Although mineral resource and mineral reserve estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include: geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

Below is a brief summary of some of Midas Gold's risks and uncertainties. These risk factors are not a definitive list of all risk factors associated with an investment in the common shares of Midas Gold or in connection with the Corporation's operations.

### Industry Risks

- Metal prices have fluctuated widely in the past and are expected to continue to do so in the future, which may adversely affect the amount of revenues derived from the future production of mineral reserves.
- Global financial markets can have a profound impact on the global economy in general and on the mining industry in particular.
- Mineral exploration and development in the United States is subject to numerous regulatory requirements on land use.
- Resource exploration and development is a high risk, speculative business.
- Mineral exploration and development is subject to numerous industry operating hazards and risks, many of which are beyond Midas Gold's control and any one of which may have an adverse effect on its financial condition and operations.
- Mineral exploration and development activities are subject to geologic uncertainty and inherent variability.
- The quantification of mineral resources and mineral reserves is based on estimates and is subject to great uncertainty.
- Increased operating and capital costs may adversely affect the viability of existing and proposed mining projects.

## The Corporation's Risks

- Midas Gold will need to raise additional capital through the sale of its securities or other interests, resulting in potential for significant dilution to the existing shareholders and, if such funding is not available, Midas Gold's operations would be adversely affected.
- Midas Gold has an obligation to repay the outstanding principal under the Convertible Notes issued in March 2016 by the seventh anniversary of their issuance unless previously converted into shares; on or before that date Midas Gold either needs to have arranged sufficient funding to repay the outstanding principal or to have converted the notes into common shares in accordance with the terms of the Convertible Notes.
- Future sales of Midas Gold's common shares into the public market by holders of Midas Gold options and warrants may lower the market price, which may result in losses to Midas Gold's shareholders.
- Midas Gold is subject to numerous government regulations which could cause delays in carrying out its operations, and increase costs related to its business.
- Midas Gold is currently undertaking an extensive permitting process for the redevelopment and restoration of the Stibnite Gold Project and the timeframes for such processes are not fixed and can take significantly longer than expected.
- Midas Gold's current and future permits to conduct activities at the Stibnite Gold Project could be challenged during regulatory processes or in the courts by third parties and such challenges may delay or prevent the Corporation from meeting its objectives.
- Midas Gold may face opposition from environmental non-governmental organizations ("NGOs"), Indian tribes or other stakeholders that may delay or interfere with the regulatory process for the development of the Project.
- The Nez Perce Tribe has filed a complaint against Midas Gold under the Clean Water Act that the Company is vigorously defending. If successful, this litigation could act to delay the Project.
- Midas Gold has not completed an environmental impact statement, nor has it received the necessary permits for water or explosives to conduct mining operations.
- Midas Gold's activities are subject to environmental liability.
- Midas Gold faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources and Midas Gold may not be able to effectively compete.
- Midas Gold's future exploration and development efforts may be unsuccessful.
- Midas Gold's mineral resource and mineral reserve estimates may not be indicative of the actual gold that can be mined.
- Midas Gold has a limited history as an exploration company and does not have any experience in putting a mining project into production.
- Midas Gold expects to continue to incur losses and may never achieve profitability, which in turn may harm the future operating performance and may cause the market price of Midas Gold's common shares to decline.
- Midas Gold's title to its mineral properties and its validity may be disputed in the future by others claiming title to all or part of such properties.
- Midas Gold's ability to explore and, if warranted, develop its mineral claims may be impacted by litigation or consent decrees entered into by previous owners of mineral rights that now comprise the Project, related to disturbance related to past mining and exploration activities.
- Midas Gold depends on key personnel for critical management decisions and industry contacts but does not maintain key person insurance.
- Midas Gold does not have a full staff of technical people and relies upon outside consultants to provide critical services.
- Certain Midas Gold directors also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.
- Midas Gold has no history of paying dividends, does not expect to pay dividends in the immediate future and may never pay dividends.
- Midas Gold's business involves risks for which Midas Gold may not be adequately insured, if it is insured at all.
- A shortage of supplies and equipment could adversely affect Midas Gold's ability to operate its business.
- A cyber security incident could adversely affect Midas Gold's ability to operate its business.

## **CAUTIONARY NOTE IN RESPECT OF MINERAL RESOURCES AND MINERAL RESERVES**

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. The Project mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to the measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

The mineral resources and mineral reserves at the Project are contained within areas that have seen extensive disturbance resulting from prior mining activities. For Midas Gold to advance its interests at the Stibnite site, the Project will be subject to a number of Federal, State and local laws and regulations and will require permits to conduct its activities. However, Midas Gold is not aware of any environmental, permitting, legal or other reasons that would prevent it from advancing the Project.

This MD&A and the mineral resource and mineral reserve estimates referenced in this MD&A are reported in accordance with the requirements under Canadian securities laws, namely National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"), which differ from the requirements under U.S. securities laws. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ significantly from the requirements under the U.S. Securities and Exchange Commission ("SEC") Industry Guide 7. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant "reserves" as in-place tonnage and grade, without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. Midas Gold is not a SEC registered Corporation nor are any of its subsidiaries.