



# **IDM MINING**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**FOR THE PERIOD ENDED JANUARY 31, 2017**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Unaudited - Expressed in Canadian Dollars)  
AS AT

	January 31, 2017	October 31, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 5,326,456	\$ 9,871,063
Short-term investments	-	8,625
Receivables	200,782	670,867
Prepaid expenses	175,914	246,044
	<u>5,703,152</u>	<u>10,796,599</u>
<b>Land use deposits</b>	85,400	85,400
<b>Equipment</b>	310,025	313,137
<b>Exploration and evaluation assets (Note 3)</b>	<u>22,735,244</u>	<u>19,955,265</u>
	<u>\$ 28,833,821</u>	<u>\$ 31,150,401</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,479,798	\$ 3,020,843
Mexican mining taxes and other payables	832,003	832,003
Flow-through premium liability (Note 4)	-	73,814
	<u>2,311,801</u>	<u>3,926,660</u>
<b>Shareholders' Equity</b>		
Share capital (Note 4)	66,338,232	66,290,507
Reserves (Note 4)	9,205,243	9,166,812
Deficit	<u>(49,021,455)</u>	<u>(48,233,578)</u>
	<u>26,522,020</u>	<u>27,223,741</u>
	<u>\$ 28,833,821</u>	<u>\$ 31,150,401</u>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 7)

Approved and authorized by the Board on April 3, 2017:

“Robert McLeod”

Director

“Michael McPhie”

Director

The accompanying notes are an integral part of these consolidated financial statements.

**IDM MINING LTD.****CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)**

(Unaudited - Expressed in Canadian Dollars)

FOR THE

	Three Months Ended January 31, 2017	Three Months Ended January 31, 2016
<b>GENERAL EXPENSES</b>		
Consulting fees	\$ 17,050	\$ 19,974
Depreciation	-	1,000
Director fees and expenses (Note 5)	32,544	17,000
Foreign exchange loss (gain)	(720)	-
Investor relations and shareholder communication	240,348	21,552
Management fees (Note 5)	294,800	87,164
Office and miscellaneous	70,465	24,847
Professional fees	115,318	85,713
Share-based payments (Note 4)	38,431	-
Transfer agent and filing fees	5,857	31,191
Travel	14,069	11,166
Wages and benefits	36,838	-
	<u>(865,000)</u>	<u>(299,607)</u>
<b>OTHER INCOME (EXPENSES)</b>		
Interest Income	3,309	-
Recognition of flow-through premium liability (Note 4)	73,814	28,902
	<u>(787,877)</u>	<u>(270,705)</u>
<b>Income/(loss) and comprehensive income/(loss) for the period</b>	<b>\$ (787,877)</b>	<b>\$ (270,705)</b>
<b>Basic and diluted income/(loss) per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>283,034,315</b>	<b>84,545,079</b>

The accompanying notes are an integral part of these consolidated financial statements.

**IDM MINING LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE THREE MONTH PERIOD ENDED JANUARY 31,**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (787,877)	\$ (270,705)
Items not affecting cash:		
Depreciation	-	1,000
Recognition of flow-through premium liability	(73,814)	(28,902)
Share-based payments	38,431	-
Change in non-cash working capital items:		
Receivables	478,710	(52,159)
Prepays	70,130	(122,443)
Accounts payable and accrued liabilities	229,869	39,544
Net cash used in operating activities	(44,551)	(433,665)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(4,547,781)	(179,025)
Acquisition on exploration and evaluation assets	-	(1,000,000)
Net cash used in investing activities	(4,547,781)	(1,179,025)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of share capital	47,725	2,581,488
Share issuance costs	-	(98,485)
Net cash provided by financing activities	47,725	2,483,003
<b>Change in cash during the period</b>	(4,544,607)	870,313
<b>Cash, beginning of period</b>	9,871,063	508,253
<b>Cash, end of period</b>	\$ 5,326,456	\$ 1,378,566
<b>Supplemental disclosure with respect to cash flows (Note 6)</b>		

The accompanying notes are an integral part of these consolidated financial statements.

**IDM MINING LTD.**
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY/(DEFICENCY)**

(Unaudited - Expressed in Canadian Dollars)

	<u>Share capital</u>				
	Number	Amount	Reserves	Deficit	Total
<b>Balance at October 31, 2015</b>	73,649,652	\$ 44,640,462	\$ 7,222,291	\$ (46,660,037)	\$ 5,202,716
Issued for:					
Private placement	16,473,444	1,482,610	-	-	1,482,610
Flow-through private placement	9,989,800	1,098,878	-	-	1,098,878
Share issue costs	-	(98,485)	-	-	(98,485)
Agent warrants	-	(25,957)	25,957	-	-
Flow-through premium	-	(199,796)	-	-	(199,796)
Loss for the year	-	-	-	(270,705)	(270,705)
<b>Balance at January 31, 2016</b>	100,112,896	46,897,712	7,248,248	(46,930,742)	7,215,218
Issued for:					
Private placement	112,974,647	13,206,325	-	-	13,206,325
Flow-through private placement	49,353,337	6,637,280	-	-	6,637,280
Property acquisition	7,188,889	647,000	-	-	647,000
Warrants exercised	9,593,081	1,383,277	-	-	1,383,277
Debt settlement	3,750,000	637,500	-	-	637,500
Share issue costs	-	(1,539,760)	-	-	(1,539,760)
Share-based payments	-	-	1,568,486	-	1,568,486
Agent warrants	-	(350,078)	350,078	-	-
Flow-through premium	-	(1,228,749)	-	-	(1,228,749)
Loss for the year	-	-	-	(1,302,836)	(1,302,836)
<b>Balance at October 31, 2016</b>	282,972,850	66,290,507	9,166,812	(48,233,578)	27,223,741
Issued for:					
Private placement	-	-	-	-	-
Flow-through private placement	-	-	-	-	-
Property acquisition	-	-	-	-	-
Warrants exercised	477,252	47,725	-	-	47,725
Debt settlement	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share-based payments	-	-	38,431	-	38,431
Agent warrants	-	-	-	-	-
Flow-through premium liability	-	-	-	-	-
Loss for the period	-	-	-	(787,877)	(787,877)
<b>Balance at January 31, 2017</b>	283,450,102	\$ 66,338,232	\$ 9,205,243	\$ (49,021,455)	\$ 26,522,020

The accompanying notes are an integral part of these consolidated financial statements.

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

IDM Mining Ltd. (the “Company”) is an exploration company incorporated on July 14, 2009 under the laws of the Province of British Columbia, Canada. The Company’s shares were voluntary delisted from the Toronto Stock Exchange after close of trading on December 29, 2015 and were listed on TSX Exchange (“TSXV”) on open of trading on December 30, 2015 and trades under the symbol IDM.

The Company’s head office, principal address and registered and records office is 1500 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

The Company is in the business of acquiring and exploring economically viable mineral resource deposits on its mineral properties. The recoverability of the amounts shown for mineral properties acquisition costs and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. The Company believes its current working capital and subsequent financing (Note 7(b)) are sufficient to meet its work commitments and general corporate overhead for the next twelve months.

The Company will continue to have to raise funds beyond its current working capital balance in order to continue to advance the Red Mountain property. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such financing will be available or available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern.

The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company’s ability to receive financial support, necessary financings, or generate profitable operations in the future.

## **2. BASIS OF PREPARATION**

### **Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended October 31, 2016.

The condensed consolidated interim financial statements should be read in conjunction with the most recently issued audited consolidated financial statements, which include information necessary or useful to understandings the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies which were presented in Note 3 to the Consolidated Financial Statements for the fiscal year ended October 31, 2016 have been consistently applied in the preparation of the Company’s condensed consolidated interim financial statements.

The Company’s condensed consolidated interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair presentation of results for the interim periods in accordance with IFRS as issued by the International Accounting Standards Board.

**3. EXPLORATION AND EVALUATION ASSETS**

**Title to mineral properties**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all its properties and, to the best of its knowledge, title to all of its properties is in good standing.

***Red Mountain (B.C., Canada)***

In April 2014, the Company entered into an option agreement with Seabridge Gold Inc. (“Seabridge”) to acquire a 100% interest in the Red Mountain gold project located near Stewart, B.C.

Under the terms of the option agreement, the Company issued 4,955,500 common shares valued at \$1,214,098, paid \$2,000,000 and incurred \$7,500,000 in exploration and development expenditures. The Company has exercised its option to acquire 100% in Red Mountain gold project and is in the process of transferring title.

Upon the commencement of commercial production, the Company is required to make an additional one-time \$1,500,000 cash payment to Seabridge, and Seabridge will also retain a gold metal stream on the Red Mountain project to acquire 10% of the annual gold production from the property at a cost of US\$1,000 per ounce up to a maximum of 500,000 ounces produced (50,000 ounces to Seabridge). Alternatively, Seabridge may elect to receive a one-time cash payment of \$4,000,000 at the commencement of production in exchange for the buyback of the gold metal stream. The property is also subject to payment of production royalties and the payment of a minimum annual pre-production royalty of \$50,000 (Total pre-production royalty paid to date - \$1,000,000) to Wotan Resources Corp. (“Wotan”). Production from the claims, which contain the Red Mountain gold deposit are subject to two separate royalties aggregating 3.5% net smelter return royalty (Franco-Nevada Corp – 1% and Wotan - 2.5%).

***Yukon Properties (YK, Canada)***

In February 2016, the Company acquired from Osisko Mining Corporation (“Osisko”) a portfolio of properties located in the Yukon. As consideration, the Company issued 7,188,889 common shares valued at \$647,000 and granted a 1% net smelter royalty over the Yukon properties.

In January 2017, the Company entered into an agreement to sell its portfolio of properties located in the Yukon to StrikePoint Gold Inc. (“Strikepoint”) in exchange for consideration \$150,000 in cash and 10,500,000 common shares of StrikePoint. In addition, StrikePoint will be required to incur \$1,500,000 in exploration expenditures on the Yukon Properties by December 31, 2017 and to pay any deficiency to the Company in cash.



**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

	January 31, 2017		
	Red Mountain	Yukon	Total
<b>Exploration costs:</b>			
Balance, beginning of period	\$ 15,886,558	\$ 34,502	\$ 15,921,060
Project administration	159,598	-	159,598
Baseline studies	130,268	-	130,268
Permitting	571,926	-	571,926
First Nations and Public Engagement	34,447	-	34,447
Field personnel	335,077	-	335,077
Field equipment maintenance and rental	197,434	-	197,434
Camp	63,527	-	63,527
Drilling	87,802	-	87,802
Assaying	98,745	-	98,745
Fuel	6,004	-	6,004
Geotechnical	84,278	-	84,278
Helicopter	133,014	-	133,014
Hydrogeology	18,677	-	18,677
Metallurgical	343,273	-	343,273
Reports	425,830	-	425,830
Road Works	24,923	-	24,923
Site Preparation	65,156	-	65,156
	<u>2,779,979</u>	<u>-</u>	<u>2,779,979</u>
Balance, end of period	<u>18,666,537</u>	<u>34,502</u>	<u>18,701,039</u>
<b>Acquisition costs:</b>			
Balance, beginning of period	3,387,205	647,000	4,034,205
Acquisition costs during the period	-	-	-
	<u>3,387,205</u>	<u>647,000</u>	<u>4,034,205</u>
Balance, end of period	<u>3,387,205</u>	<u>647,000</u>	<u>4,034,205</u>
<b>Balance, January 31, 2017</b>	<u>\$ 22,053,742</u>	<u>\$ 681,502</u>	<u>\$ 22,735,244</u>

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**JANUARY 31, 2017**

**3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

	October 31, 2016		
	Red Mountain	Yukon	Total
<b>Exploration costs:</b>			
Balance, beginning of period	\$ 4,314,867	\$ -	\$ 4,314,867
Project administration	423,064	-	423,064
Baseline studies	1,115,938	-	1,115,938
Permitting	558,690	-	558,690
First Nations and public engagement	273,947	4,215	278,162
Field personnel	1,606,873	20,397	1,627,270
Field equipment maintenance and rental	1,063,104	-	1,063,104
Camp	1,194,328	-	1,194,328
Drilling	1,440,437	-	1,440,437
Assaying	167,576	-	167,576
Fuel	294,572	-	294,572
Geophysics	-	6,602	6,602
Geotechnical	1,030,385	-	1,030,385
Helicopter	1,524,776	-	1,524,776
Hydrogeology	58,090	-	58,090
Licenses/fees	-	1,205	1,205
Mapping	-	2,083	2,083
Metallurgical	14,695	-	14,695
Reports	475,636	-	475,636
Road works	99,204	-	99,204
Site preparation	230,376	-	230,376
	<u>11,571,691</u>	<u>34,502</u>	<u>11,606,193</u>
Balance, end of period	<u>15,886,558</u>	<u>34,502</u>	<u>15,921,060</u>
<b>Acquisition costs:</b>			
Balance, beginning of period	<u>2,387,205</u>	<u>-</u>	<u>2,387,205</u>
Acquisition costs during the period	<u>1,000,000</u>	<u>647,000</u>	<u>1,647,000</u>
	<u>3,387,205</u>	<u>647,000</u>	<u>4,034,205</u>
Balance, end of period	<u>3,387,205</u>	<u>647,000</u>	<u>4,034,205</u>
<b>Balance, October 31, 2016</b>	<u>\$ 19,273,763</u>	<u>\$ 681,502</u>	<u>\$ 19,955,265</u>

#### **4. SHARE CAPITAL AND RESERVES**

##### **Authorized share capital**

As at January 31, 2017, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

##### **Private placements:**

During the period ended October 31, 2016, the Company:

- a) completed a non-brokered private in December 2015 for gross proceeds of \$1,581,488, consisting of 9,989,800 flow-through units at \$0.11 per flow-through unit and 5,362,333 common units at \$0.09 per common unit. Each common and flow-through unit consisted of one common share and one half-warrant, with each whole warrant exercisable for a period of 24 months at \$0.14 per share.

Finder's fees payable in connection with the financing consisted of \$48,485 and 552,939 finders' warrants exercisable for a period of 12 months at \$0.10 per share. The finder's warrants have been recorded at a fair value of \$13,034, which is included in reserves. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.54%, expected life of 1.00 year, expected volatility rate of 76.08% and a dividend rate of 0.00%

- b) completed a private placement in December 2015 with Osisko for gross proceeds of \$1,000,000, consisting of 11,111,111 common shares at a price of \$0.09. Finder's fees payable in connection with the financing consisted of \$50,000 and 555,555 finders' warrants exercisable for a period of 12 months at \$0.10 per share. The finder's warrants have been recorded at a fair value of \$12,923, which is included in reserves. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.54%, expected life of 1.00 year, expected volatility rate of 75.14% and a dividend rate of 0.00%

- c) completed a brokered and non-brokered private placement in April 2016 for gross proceeds of \$10,848,898, consisting of 37,269,208 flow-through units at \$0.11 per flow-through unit and 74,992,058 common units at \$0.09 per common unit. Each common and flow-through unit consisted of one common share and one half-warrant, with each whole warrant exercisable for a period of 24 months at \$0.15 per share. Finder's fee payable in connection with the financing consisted of \$611,625 and 6,372,730 finders' warrants exercisable for a period of 12 months at \$0.15 per share. The finder's warrants have been recorded at a fair value of \$247,809, which is included in reserves. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.62%, expected life of 1.00 year, expected volatility rate of 71.68% and a dividend rate of 0.00%. The Company incurred an additional \$306,943 in other share issue costs.

- d) completed a brokered and non-brokered private placement in October 2016 for gross proceeds of \$8,994,707, consisting of 12,084,129 flow-through shares at \$0.21 per flow-through share and 37,982,589 common units at \$0.17 per common unit. Each common unit consisted of one common share and one half-warrant, with each whole warrant exercisable for a period of 24 months at \$0.25 per share. Finder's fees payable in connection with the financing consisted of a total of \$418,270 and 2,138,739 finders' warrants exercisable for a period of 12 months at \$0.25 per share. The finder's warrants have been recorded at a fair value of \$96,652, which is included in reserves. The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.54%, expected life of 1.00 year, expected volatility rate of 76.68% and a dividend rate of 0.00%. The Company incurred an additional \$171,252 in other share issue costs.

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. SHARE CAPITAL AND RESERVES (cont'd...)**

**Other share issuances:**

During the period ended October 31, 2016, the Company

- a) Issued 7,188,889 common shares to Osisko to acquire the Yukon properties valued at \$647,000. A finder's fee payable connection with the acquisition consisted of a total \$32,350 and 359,444 finders' warrants exercisable for a period of 12 months at \$0.10 per share. The finder's warrants have been recorded at a fair value of \$5,617, which is included in reserves. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.62%, expected life of 1.00 year, expected volatility rate of 68.92% and a dividend rate of 0.00%
- b) Issued 3,750,000 commons shares to settle debts relating to past operations on the Mexico Property, valued at \$637,500.

**Flow Through Premium Liability:**

The following is a continuity schedule of the liability portion of the flow-through share issuances:

<b>Balance as of October 31, 2015</b>	\$ 161,759
Flow-through premium liability	1,428,545
Settlement of flow through share premium liability pursuant to qualified expenditures	<u>(1,516,490)</u>
<b>Balance as of October 31, 2016</b>	161,759
Flow-through share premium liability	-
Settlement of flow through share premium liability pursuant to qualified expenditures	<u>(73,814)</u>
<b>Balance as of January 31, 2017</b>	<u>\$ -</u>

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options and warrants:**

Stock option and warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, October 31, 2015	31,695,016	\$ 0.70	7,238,335	\$ 0.19
Granted	92,777,495	0.14	11,600,000	0.19
Exercised	(9,593,081)	0.14	-	-
Forfeited	(2,883,839)	0.53	(37,501)	4.20
Outstanding, October 31, 2016	111,995,591	0.18	18,800,834	0.19
Granted	-	-	-	-
Exercised	(477,252)	0.10	-	-
Forfeited	(22,224)	0.18	-	-
Outstanding, January 31, 2017	111,496,115	\$ 0.18	18,800,834	\$ 0.19
Number currently exercisable	111,496,115	\$ 0.18	18,175,834	\$ 0.19

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options and warrants outstanding (cont'd...)**

The following incentive stock options and warrants were outstanding at January 31, 2017:

Number	Exercise price	Expiry date
<b>Stock options</b>		
45,834	2.58	February 1, 2017
2,850,000	0.24	July 3, 2019
150,000	0.30	October 10, 2019
1,230,000	0.11	April 27, 2020
2,925,000	0.10	October 27, 2020
10,500,000	0.19	May 11, 2021
350,000	0.23	July 19, 2021
750,000	0.19	August 26, 2021
<b>Warrants</b>		
6,257,172	0.15	April 27, 2017
3,121,875	0.15	July 2, 2017
80,000	0.18	July 2, 2017
320,000	0.15	July 20, 2017
2,067,600	0.18	July 20, 2017
1,503,852	0.18	August 13, 2017
2,138,739	0.25	October 4, 2017
6,596,067	0.14	December 31, 2017
50,419,519	0.15	April 27, 2018
18,991,291	0.25	October 4, 2018*
20,000,000	0.20	July 31, 2020**

\*These warrants are subject to an accelerated expiry in the event that the Company's common shares trade at a closing price greater than \$0.37 per share for a period of 20 consecutive trading days. The Company may accelerate the expiry date of the warrants by giving notice via press release; in such case, the warrants will expire 30 days from the date of notice.

\*\*These warrants are subject to an accelerated expiry in the event that the Company's common shares trade at a closing price greater than \$0.40 per share for a period of 20 consecutive trading days. The Company may accelerate the expiry date of the warrants by giving notice via press release; in such case, the warrants will expire 30 days from the date of notice.

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable

**IDM MINING LTD.**  
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**4. SHARE CAPITAL AND RESERVES (cont'd...)**

discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

Total share-based payments for options vested recognized in the statement of income/(loss) and comprehensive income/(loss) for the period ended January 31, 2017 was \$38,431 (2015 - Nil) pursuant to vesting incentive options. This amount was also recorded as reserves on the statement of financial position.

**5. RELATED PARTY TRANSACTIONS**

The consolidated financial statements include the financial statements of the Company and its 100% owned subsidiaries Revolution Resources (NC) Inc. (USA), Minera Revolution, S.A. de C.V. (Mexico) and Minera Golondrina S.de R.L. de C.V., (Mexico).

During the period ended January 31, 2017, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Management fees of \$294,800 (2016 - \$85,500) to officers of the Company.
- b) Director fees of \$21,000 (2016 - \$17,000) to non-executive directors of the Company and companies controlled by directors of the Company.

Included in accounts payable is \$375,521 (October 31, 2016 - \$147,436) due to directors and officers of the Company.

The Company operates from the premises of a group of public and private companies with common directors. Certain companies provide office and administrative services to the Company and various other public companies. Included in accounts payable and accrued liabilities is \$133,155 (October 31, 2016 - \$125,573) due to a related private company. During the period ended January 31, 2017, the Company paid or accrued \$21,750 (2016 - \$18,942) for office and administrative expenditures.

Falkirk Resource Consultants Ltd (“Falkirk”), is a private company, controlled by a director of the Company. During the period ended January 31, 2017, the Company paid or accrued \$159,115 (2016 - \$58,231) to Falkirk for services relating to the environmental baseline studies, permitting and government issues associated with the Red Mountain property.

**6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions for the period ended January 31, 2017, include the Company:

- a) Included in accounts payable and accrued liabilities as at January 31, 2017 were \$706,979 in expenditures related to exploration and evaluation expenditures.

Significant non-cash transactions for the period ended January 31, 2016, include the Company:

- a) Included in accounts payable and accrued liabilities as at January 31, 2016 were \$178,117 in expenditures related
- b) Issuing 1,108,494 agent warrants with a fair value of \$25,957 as finder’s fee in relation to private placements

**7. SUBSEQUENT EVENTS**

- a) In February 2017, the Company granted a total of 7,500,000 stock options at an exercise price of \$0.15 with an expiry date of February 1, 2022 and 1,300,000 stock options at an exercise price of \$0.17 with an expiry date of February 9, 2022 were granted to directors, officers and consultants of the Company. In addition, a total of 45,834 stock options expired unexercised.
- b) In March 2017, the Company completed a private placement with Osisko Gold Royalties Ltd (“Osisko Royalties”) for total proceeds of \$15,248,000. Osisko Royalties purchased 29,400,000 common shares at a price of \$0.17 per share and 41,000,000 flow-through common shares at a price of \$0.25. The shares are subject to a four month hold period that will expire on July 8, 2017.

In connection with the private placement, the Company granted to Osisko Royalties certain pre-emptive rights in respect to purchase or grants of royalties or streams from the Red Mountain Project.

- c) In March 2017, the Company completed the sale of the Yukon portfolio of properties to Strikepoint.