



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

**FOR THE PERIOD ENDED APRIL 30, 2018**

**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.

**IDM MINING LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)  
**AS AT**

	April 30, 2018	October 31, 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 3,580,008	\$ 5,177,866
Short-term investments	17,250	17,250
Receivables	89,345	345,427
Prepaid expenses	127,914	122,351
Marketable securities (Note 3)	2,520,000	1,995,000
	6,334,517	7,657,894
<b>Land use deposits</b>	1,098,400	1,098,400
<b>Equipment</b>	1,381,215	1,258,247
<b>Exploration and evaluation assets (Note 4)</b>	45,456,613	42,260,748
	\$ 54,270,745	\$ 52,275,289
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 1,051,567	\$ 1,880,634
Mexican mining taxes and other payables (Note 4)	832,003	832,003
Flow-through premium liability (Note 6)	1,077,412	1,008,555
	2,960,982	3,721,192
<b>Non-current</b>		
Provision for site reclamation (Note 5)	1,746,319	1,725,985
Deferred tax liability	1,225,000	1,500,000
<b>Total Liabilities</b>	5,932,301	6,947,177
<b>Shareholders' Equity</b>		
Share capital (Note 6)	87,726,181	83,923,154
Reserves (Note 6)	10,532,016	10,454,909
Deficit	(49,919,753)	(49,049,951)
	48,338,444	45,328,112
	\$ 54,270,745	\$ 52,275,289

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

Approved and authorized by the Board on June 27, 2018:

“ROB MCLEOD”

Director

“ANDREE ST-GERMAIN”

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 April 30, 2018	Three Months Ended April 30, 2017	Six Months Ended April 30, 2018	Six Months Ended April 30, 2017
<b>GENERAL EXPENSES</b>				
Consulting fees	\$ 4,625	\$ 8,896	\$ 12,258	\$ 25,946
Depreciation	-	638	-	638
Director fees and expenses (Note 7)	157,043	27,390	212,587	59,934
Foreign exchange loss (gain)	-	3,581	-	2,861
Investor relations and shareholder communication	30,273	164,961	134,671	405,309
Office and miscellaneous	92,902	73,275	203,755	143,740
Professional fees	147,707	5,714	162,456	121,032
Salaries and management fees (Note 7)	328,375	186,918	912,223	518,556
Share-based payments (Note 6)	46,370	1,021,288	59,167	1,059,719
Transfer agent and filing fees	38,472	43,081	41,826	48,938
Travel	33,212	55,250	67,929	69,319
<b>Loss before income (expenses)</b>	<b>(878,979)</b>	<b>(1,590,992)</b>	<b>(1,806,872)</b>	<b>(2,455,992)</b>
<b>OTHER ITEMS INCOME (EXPENSES)</b>				
Interest Income	1,205	5,566	1,205	8,875
Accretion expense	(10,167)	-	(20,334)	-
Recognition of flow-through premium liability (Note 6)	84,801	958,306	156,199	1,032,120
Unrealized gain/(loss) from marketable securities (Note 3)	420,000	2,460,000	525,000	2,460,000
Gain on sale of exploration and evaluation assets (Note 4)	-	3,458,499	-	3,458,499
<b>Income/(Loss) before income tax</b>	<b>(383,140)</b>	<b>5,291,379</b>	<b>(1,144,802)</b>	<b>4,503,502</b>
Deferred income tax recovery	275,000	-	275,000	-
<b>Income/(loss) and comprehensive income/(loss) for the period</b>	<b>(108,140)</b>	<b>5,291,379</b>	<b>\$ (869,802)</b>	<b>\$ 4,503,502</b>
<b>Basic and diluted income/(loss) per share</b>	<b>\$ (0.00)</b>	<b>\$ 0.02</b>	<b>\$ (0.00)</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares Outstanding</b>	<b>405,295,286</b>	<b>327,692,858</b>	<b>401,489,857</b>	<b>304,993,488</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**

	Six Months Ended April 30, 2018	Six Months Ended April 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income/(loss) for the period	\$ (869,802)	\$ 4,503,502
Items not affecting cash:		
Accretion expense	20,334	-
Depreciation	-	638
Recognition of flow-through premium liability	(156,199)	(1,032,120)
Share-based payments	59,167	1,059,719
Unrealized gain from marketable securities	(525,000)	(2,460,000)
Deferred income tax recovery	(275,000)	-
Gain on sale of properties	-	(3,458,499)
Change in non-cash working capital items:		
Receivables	256,082	373,127
Prepays	(5,563)	136,966
Accounts payable and accrued liabilities	221,969	(238,752)
Net cash used in operating activities	(1,274,012)	(1,115,419)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(4,246,900)	(7,449,969)
Disposition/(Acquisition) on exploration and evaluation assets	-	(150,000)
Purchase of equipment	(122,968)	(796,598)
Net cash used in investing activities	(4,369,868)	(8,096,567)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of share capital	4,325,500	16,026,786
Share issuance costs	(279,478)	(110,918)
Net cash provided from financing activities	4,046,022	15,915,868
<b>Change in cash during the period</b>	(1,597,858)	6,703,882
<b>Cash, beginning of period</b>	5,177,866	9,871,063
<b>Cash, end of period</b>	\$ 3,580,008	\$ 16,574,945

**Supplemental disclosure with respect to cash flows (Note 8)**

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)

	<b>Share capital</b>				
	<b>Number</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
<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	29,400,000	4,998,000	-	-	4,998,000
Flow-through private placement	41,000,000	10,250,000	-	-	10,250,000
Warrants exercised	5,350,993	778,786	-	-	778,786
Share issue costs	-	(110,918)	-	-	(110,918)
Share based payment	-	-	1,059,719	-	1,059,719
Flow-through premium	-	(3,280,000)	-	-	(3,280,000)
Income for the period	-	-	-	4,503,502	4,503,502
<b>Balance at April 30, 2017</b>	358,723,843	78,926,375	10,226,531	(43,730,076)	45,422,830
Issued for:					
Flow-through private placement	38,709,676	6,000,000	-	-	6,000,000
Warrants exercised	375,000	56,250	-	-	56,250
Share issue costs	-	(272,138)	-	-	(272,138)
Share-based payments	-	-	215,239	-	215,239
Agent warrants	-	(13,139)	13,139	-	-
Flow-through premium	-	(774,194)	-	-	(774,194)
Loss for the period	-	-	-	(5,319,875)	(5,319,875)
<b>Balance at October 31, 2017</b>	397,808,519	83,923,154	10,454,909	(49,049,951)	45,328,112
Issued for:					
Private placement	28,750,000	2,300,000	-	-	2,300,000
Flow-through private placement	22,505,556	2,025,500	-	-	2,025,500
Share issue costs	-	(279,478)	-	-	(279,478)
Flow-through premium	-	(225,056)	-	-	(225,056)
Agent warrants	-	(17,940)	17,940	-	-
Share-based payments	-	-	59,167	-	59,167
Loss for the period	-	-	-	(869,802)	(869,802)
<b>Balance at April 30, 2018</b>	449,064,075	\$ 87,726,181	\$ 10,532,016	\$ (49,919,753)	\$ 48,338,444

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 are listed on TSX Venture Exchange (“TSXV”) and trade under the symbol IDM.

The Company’s head office and principal address is 1800 – 555 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M9.

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 will continue to have raise funds beyond its current working capital balance in order to continue to advance its properties. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financings will be available or available on favorable terms. These material uncertainties may cast significant doubt upon the Company’s ability to continue 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, 2017.

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 Audited Consolidated Financial Statements for the fiscal year ended October 31, 2017 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.

**2. BASIS OF PREPARATION (cont'd)**

**New standards, interpretations and amendments not yet adopted**

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended April 30, 2018:

- a) IFRS 9 – New financial instrument standard that replaces IAS 39 for classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most the requirement in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than profit or loss. The new standard also requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permit. The Company has not yet determined the impact on the results and financial position of the Company.
- b) IFRS 15 – New revenue from contracts with customers that specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more information, relevant disclosures. This standard supercedes IAS 18- Revenue, IAS 11, Construction Contracts and a number of revenue related interpretations. Application of the standard is mandatory for all IFRS reports and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the standard is mandatory. The Company has not yet determined the impact on the results and financial position of the Company.

**3. MARKETABLE SECURITIES**

At April 30, 2018, the Company's marketable securities were comprised of common shares of Strikepoint Gold Inc. ("Strikepoint"), a public company traded on the TSXV, which were recorded in the consolidated statement of financial position at their fair value. The fair value of these marketable securities has been determined by reference to their quoted closing bid price at the reporting date. At April 30, 2018 the Company had 10,500,000 (October 31, 2017 – 10,500,000) common shares of Strikepoint with a fair value of \$2,520,000 (October 31, 2017 – \$1,995,000).

The Company has been granted certain anti-dilution rights for so long as the Company continues to hold at least 9.9% of the issued and outstanding shares of Strikepoint. The Company also has the right, but not obligated, to appoint two members of Strikepoint's board of directors. The Company initially appointed Mike McPhie to Strikepoint's board of directors as the Company's representative and replaced by Susan Neale in 2018.



#### **4. 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 met the requirement to incur \$7,500,000 in exploration and development expenditures. In May 2017, the Company exercised its option to acquire 100% and completed the acquisition of the mineral claims and certain other assets and assumed the decommissioning and restoration liability related to the Red Mountain property (Note 5).

Pursuant to the option agreement, the Company is required to make an additional one-time \$1,500,000 cash payment upon commercial production to Seabridge, and Seabridge also retained 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 - \$1,100,000) 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.

##### ***Mexican Properties (Mexico)***

The Company through its wholly owned entity Minera Golondrina returned a portion of its Mexico properties to the government authorities. Minera Golondrina has accrued \$832,003 (October 31, 2017 - \$832,003) for concession fees, penalties and interest payable from July 2013 to the date these properties were returned. The Company has commenced the process to place its two Mexican subsidiaries into liquidation.

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**APRIL 30, 2018**

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

	April 30, 2018		
	Red Mountain	Yukon	Total
<b>Exploration costs:</b>			
Balance, beginning of period	\$ 37,161,114	\$ -	\$ 37,161,114
Project administration	271,186	-	271,186
Baseline studies	172,386	-	172,386
Permitting	1,388,914	-	1,388,914
First Nations and public engagement	106,207	-	106,207
Field personnel	520,443	-	520,443
Field equipment maintenance and rental	50,557	-	50,557
Camp	18,009	-	18,009
Drilling	10,042	-	10,042
Assaying	98,113	-	98,113
Helicopter	12,401	-	12,401
Metallurgical	6,003	-	6,003
Reports	66,292	-	66,292
Engineering	425,312	-	425,312
Advance royalty	50,000	-	50,000
	<u>3,195,865</u>	<u>-</u>	<u>3,195,865</u>
Balance, end of period	<u>40,356,979</u>	<u>-</u>	<u>40,356,979</u>
<b>Acquisition costs:</b>			
Balance, beginning of period	5,099,634	-	5,099,634
Acquisition costs during the period	-	-	-
Balance, end of period	<u>5,099,634</u>	<u>-</u>	<u>5,099,634</u>
<b>Balance, April 30, 2018</b>	<u>\$ 45,456,613</u>	<u>\$ -</u>	<u>\$ 45,456,613</u>

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**APRIL 30, 2018**

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

	October 31, 2017		
	Red Mountain	Yukon	Total
<b>Exploration costs:</b>			
Balance, beginning of year	\$ 15,886,558	\$ 34,502	\$ 15,921,060
Project administration	678,948	-	678,948
Baseline studies	819,925	-	819,925
Permitting	2,252,986	-	2,252,986
First Nations and public engagement	132,161	-	132,161
Field personnel	2,684,224	-	2,684,224
Field equipment maintenance and rental	1,424,858	-	1,424,858
Camp	1,731,340	-	1,731,340
Drilling	3,621,013	-	3,621,013
Assaying	548,424	-	548,424
Fuel	446,717	-	446,717
Helicopter	2,241,292	-	2,241,292
Hydrogeology	10,677	-	10,677
Metallurgical	618,593	-	618,593
Reports	2,276,804	-	2,276,804
Site geotechnical and engineering	2,007,214	-	2,007,214
Site preparation	70,579	-	70,579
Advance royalties	50,000	60,000	110,000
Mineral exploration tax credit	(341,199)	-	(341,199)
	21,274,556	60,000	21,334,556
Disposal	-	(94,502)	(94,502)
Balance, end of year	37,161,114	-	37,161,114
<b>Acquisition costs:</b>			
Balance, beginning of year	3,387,205	647,000	4,034,205
Acquisition/(disposition) costs during the year	1,712,429	(647,000)	1,065,429
Balance, end of year	5,099,634	-	5,099,634
<b>Balance, October 31, 2017</b>	<b>\$ 42,260,748</b>	<b>\$ -</b>	<b>\$ 42,260,748</b>

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**APRIL 30, 2018**

**5. DECOMMISSION AND RESTORATION PROVISIONS**

As part of the acquisition and transfer of mineral claims and permits relating to the Red Mountain property, the Company, assumed the liability for remediation of past disturbances associated with the exploration and development activities on the property. The decommissioning and restoration provision is as follows:

	April 30, 2018	October 31, 2017
Opening balance	\$ 1,725,985	\$ -
Decommissioning and restoration liabilities assumed on the acquisition of the Red Mountain property (Note 4)	-	1,712,429
Accretion of decommissioning and restoration provision	20,334	13,556
Closing balance	\$1,746,319	\$ 1,725,985

The Company used an inflation rate of 2.0% (2017 – 2.0%) and a discount rate of 2.2% (2017 –2.2%) in calculating the estimated obligation. The liability for retirement and remediation on an undiscounted basis before inflation is \$1,699,044 (2017 – \$1,699,044).

**6. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

As at April 30, 2018, 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 April 30, 2018, the Company:

- a) completed a non-brokered private placement in April 2018 for gross proceeds of \$4,325,500, consisting of 28,750,000 common units at \$0.08 per common unit and 22,505,556 flow-through common unit at a price of \$0.09 per flow-through unit. Each common and flow-through unit consist of one common share and one-quarter warrant, with each whole warrant exercisable for a period of 24 months at \$0.12 per share.

Finder’s fees payable in connection with the financing consisted of \$257,100 and 2,032,222 finders’ warrants exercisable for a period of 12 months at \$0.12 per share. The finder’s warrants have been recorded at a fair value of \$17,940, 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 1.87%, expected life of 1.00 year, expected volatility rate of 59.74% and a dividend rate of 0.00%. The Company incurred \$22,378 in other share issue costs.

**6. SHARE CAPITAL AND RESERVES (cont'd...)**

During the year ended October 31, 2017, the Company:

- b) completed a non-brokered private placement in two tranches in August and September 2017 for gross proceeds of \$6,000,000 consisting of 38,709,676 flow-through shares at \$0.155 per flow-through share.

Finder's fees payable in connection with the financing consisted of \$233,952 and 1,470,655 finders' warrants exercisable for a period of 12 months at \$0.23 per share. The finder's warrants have been recorded at a fair value of \$13,139, 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 1.27%, expected life of 1.00 year, expected volatility rate of 57.56% and a dividend rate of 0.00%. The Company incurred \$38,186 in other share issue costs.

- c) completed a non-brokered private placement in March 2017 for gross proceeds of \$15,248,000, consisting of 29,400,000 common shares at \$0.17 per share and 41,000,000 flow-through common shares at a price of \$0.25 per flow-through share. The Company incurred \$110,918 in other share issue costs.

**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, 2016</b>	\$ 73,814
Flow-through share premium liability	4,054,194
Settlement of flow through share premium liability pursuant to qualified expenditures	<u>(3,119,453)</u>
<b>Balance as of October 31, 2017</b>	1,008,555
Flow-through share premium liability	225,056
Settlement of flow through share premium liability pursuant to qualified expenditures	<u>(156,199)</u>
<b>Balance as of April 30, 2018</b>	<u>\$ 1,077,412</u>

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**APRIL 30, 2018**

**6. 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, 2016	111,995,591	\$ 0.18	18,800,834	\$ 0.19
Granted	1,470,655	0.23	12,000,000	0.15
Exercised	(5,725,993)	0.15	-	-
Forfeited	(10,262,721)	0.18	(45,834)	2.58
Outstanding, October 31, 2017	97,477,532	0.18	30,755,000	0.17
Granted	14,846,111	0.12	1,700,000	0.08
Exercised	-	-	-	-
Forfeited	(57,015,586)	0.15	(1,575,000)	0.17
Outstanding, April 30, 2018	55,308,057	\$ 0.20	30,880,000	\$ 0.16
Number currently exercisable	55,308,057	\$ 0.20	27,706,667	\$ 0.17

The following incentive stock options were outstanding at April 30, 2018:

Number	Exercise price	Expiry date
<b>Stock options</b>		
2,825,000	\$ 0.24	July 3, 2019
150,000	0.30	October 10, 2019
1,080,000	0.11	April 27, 2020
2,825,000	0.10	October 27, 2020
10,050,000	0.19	May 11, 2021
350,000	0.23	July 19, 2021
250,000	0.19	August 26, 2021
7,150,000	0.15	February 2, 2022
1,300,000	0.17	February 9, 2022
200,000	0.155	May 1, 2022
3,000,000	0.14	October 18, 2022
<u>1,700,000</u>	0.08	April 27, 2023
<u>30,880,000</u>		

**6. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options and warrants (cont'd):**

The following warrants were outstanding at April 30, 2018:

Number	Exercise Price	Expiry Date
<b>Warrants</b>		
1,277,005	0.23	August 21, 2018
193,650	0.23	September 13, 2018
18,991,291	0.25	October 4, 2018*
2,032,222	0.12	April 17, 2019
12,813,889	0.12	April 17, 2020
<u>20,000,000</u>	0.20	July 31, 2020**
<u>55,308,057</u>		

\*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 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.

During the period ended April 30, 2017, the Company granted 1,700,000 (2017 – 8,800,000) stock options with a weighted fair value of \$0.06 (2017 – \$0.12) per option granted to an officer, an investors relations, technical and administrative employees of the Company. The options have a term of five years expiring on April 27, 2023 and allow the holder to purchase one common share in the Company at a price of \$0.08. Options will vest 1/3 upon grant (except the 500,000 granted to the Investor Relations employees which will vest 25% on grant and 8.33% after three months) and 1/3 on the first and second anniversaries. The options were being granted in conjunction with the previously announced appointment of each of the optionees. Total share-based payments for options vested recognized in the statement of income/(loss) and comprehensive income/(loss) for the period ended April 30, 2018 was \$59,167 (2017 -\$1,059,719) pursuant to vesting incentive options. This amount was also recorded as reserves on the statement of financial position.

**6. SHARE CAPITAL AND RESERVES (cont'd...)**

**Share based payments (cont'd):**

The following weighted-average assumptions were used in the Black-Scholes valuation of stock options granted during the period

	<b>2018</b>	<b>2017</b>
Risk free interest rate	2.08%	0.61%
Expected life of Option	5 years	5 years
Annualized volatility	152.55%	118.28%
Dividend rate	0	0
Forfeiture rate	0	0

**7. 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).

As of April 30, 2018, key management includes the Company's directors (executive and non-executive) and executive officers including its Chairman, its Chief Executive Office and President, Chief Financial Officer and VP Project Development.

During the six months ended April 30, 2018, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Salaries, bonuses and management fees of \$597,500 (2017 - \$425,800) to officers of the Company.
- b) Director fees of \$187,000 (2017 - \$48,000) to non-executive directors of the Company and companies controlled by directors of the Company.
- c) Share based compensation expense for the period ended April 30, 2018 includes compensation to directors and officers of \$10,624 (2017 - \$846,960) for stock options vesting during the period.
- d) Professional advisory fees of \$4,987 (2017 - \$Nil) to a company controlled by a director of the Company.

Included in accounts payable is \$418,350 (October 31, 2017 - \$130,260) due to directors and officers of the Company.

The Company formerly operated from the premises leased by a private company with a common director. The private company provided office space and administrative services to the Company. During the period ended April 30, 2018, the Company paid or accrued \$17,818 (2017 - \$46,045) 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 April 30, 2018, the Company paid or accrued \$206,704 (2017 - \$338,145) to Falkirk for services relating to the environmental baseline studies, permitting and government issues associated with the Red Mountain property.

Catana Consulting Ltd ("Catana"), is a private company, controlled by a former close family member to the CEO and President of the Company. During the period ended April 30, 2018, the Company paid or accrued \$189,030 (2017 - \$169,791) to Catana for services related to first nation consultation and public engagement, environment assessment process and permitting.



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

Significant non-cash transactions for the period ended April 30, 2018, include the Company:

- a) Included in accounts payable and accrued liabilities as at April 30, 2018 were \$464,570 in expenditures related to exploration and evaluation expenditures.
- b) Issued 2,032,222 finder warrants with a fair value of \$17,940 as finder's fees in relation to the private placement.

Significant non-cash transactions for the period ended April 30, 2017, include the Company:

- a) Included in accounts payable and accrued liabilities as at April 30, 2017 were \$2,158,815 in expenditures related to exploration and evaluation expenditures.
- b) Received 10,500,000 common shares of Strikepoint valued at \$4,050,000.