



**FORM 51-102F1  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED JANUARY 31, 2018**

**INTRODUCTION**

This Management's discussion and analysis ("**MD&A**") reviews the significant activities of IDM Mining Ltd. ("**IDM**" or the "**Company**") and its subsidiaries and compares the financial results for the three month period ended January 31, 2018 (the "**first quarter 2018**") and the comparable period in 2017 (the "**first quarter 2017**"). This MD&A should be read in conjunction with the unaudited consolidated financial statements for the first quarter 2017 and the audited consolidated financial statements and accompanying notes for the years ended October 31, 2017 and 2016, and MD&A's for all relevant periods, which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

All financial information in this document is prepared in accordance with International Financial Reporting Standards ("**IFRS**") and presented in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is March 28, 2018.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.idmmining.com](http://www.idmmining.com).

## **DESCRIPTION OF BUSINESS**

IDM is based in Vancouver and was incorporated on July 14, 2009 pursuant to the *Business Corporations Act* (British Columbia) and commenced business at that time. The Company's shares are listed on TSX Venture Exchange (the "TSXV") under the symbol "IDM". The Company's shares also trade on the OTCQB under the symbol "IDMMF".

The Company is an advanced-stage exploration stage company in the business of acquiring, exploring and developing natural resource properties in British Columbia. The Company's primary focus is on the Red Mountain underground gold project (the "Project") located near Stewart, B.C, which is in the BC and Canadian environmental assessment process.

## **HIGHLIGHTS**

- In November 2017, the Company's Application and Environmental Impact Statement ("**Application/EIS**") for an environment assessment certificate for the Project entered into the formal 180-day Application Review phase of the environment assessment.
- In February 2018, the Company announced a revised interpretation of its geological model that suggests expanded exploration potential at Red Mountain.
- In February 2018, Ms. Vanessa Pickering, was appointed Manager Corporate Communications and Development.
- During the period, the Company continued to advance the value engineering phase of predevelopment for the Project. The work has primarily focused on enhancing economics, quantifying and de-risking the Project and defining scope through the completion of additional engineering and various trade-off studies.
- On March 12, 2018, the Company requested a 30 to 45 day temporary suspension of the Application Review period from the BC Environmental Assessment Agency ("**BC EAO**") and the Canadian Environmental Assessment Agency ("**CEAA**") to allow for final resolution of outstanding technical comments and information requests. On March 13, 2018, EAO granted the temporary suspension and the Application Review period will resume once the final issues have been resolved.
- On March 21, 2018, the Company announced a non-brokered private placement financing (the "Offering") to sell flow-through units ("Flow-Through Units") at a price of \$0.09 per Flow-Through Unit and non-flow-through units ("Common Units") at a price of \$0.08 per Common Unit, for aggregate gross proceeds of up to \$4.35 million.

Financial Statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and/or on the Company's website at [www.idmmining.com](http://www.idmmining.com).

## **OUTLOOK**

The Company is currently working on updating its resource estimate expected to be released in spring 2018, which will incorporate the revised geological model, 2017 drilling results and historic gold intercepts that were not previously included in the current resource estimate.

The new interpretation of the geological model, which has identified high-amplitude, post-mineralization repeating folds has opened up multiple areas to resource expansion that were previously thought closed or having lower exploration potential. The Company anticipates completing both underground and surface drilling in 2018 to demonstrate the increased potential.

The Company anticipates that the formal 180-day Application Review phase of the EA process will be completed during the third quarter of calendar year 2018. Provincial and federal approval is expected to follow thereafter. Pre-development engineering to optimize the Project design and economics for Red Mountain Project is ongoing.

## **RESERVES AND RESOURCES**

National Instrument 43-101 ("43-101") of the Canadian Securities Administrators – Standards of Disclosure for Mineral Projects – requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to IDM's continuous disclosure documents available at [www.sedar.com](http://www.sedar.com) for this detailed information, which is subject to the qualifications and notes therein set forth.

## **PROPERTIES**

### ***RED MOUNTAIN, BRITISH COLUMBIA***

#### ***Overview***

In April 2014, IDM entered into an option agreement with Seabridge Gold Inc ("Seabridge") granting IDM the right to acquire a 100% interest in the Red Mountain Project, subject to certain underlying royalties and a gold stream. To acquire 100%, IDM issued 4,955,000 shares, paid \$2.0 million and incurred \$7.5 million in exploration and development expenditures. In May 2017, the Company completed the acquisition of the mineral claims and certain other related assets and assumed the decommissioning and restoration liabilities comprising the Red Mountain Project from Seabridge.

Pursuant to the option agreement, the Company is required to make an additional one-time payment of \$1.5 million upon the commencement of commercial production to Seabridge and Seabridge retained a gold metal stream on the Red Mountain Project, allowing Seabridge 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 to Seabridge). Alternatively, Seabridge may elect to receive a one-time cash payment of \$4.0 million at the commencement of production in exchange for the buy-back of the gold metal stream.

The Red Mountain property consists of 47 contiguous mineral claims totalling 17,125 hectares located in northwestern BC, 15 km northeast of the Town of Stewart. The property was discovered in 1989 and historical workings by prior owners include 466 diamond drill holes and over 2,000 meters of underground development work.

Red Mountain is an intrusive-related hydrothermal gold system, located in the Stikine terrain. Gold mineralization is associated with, and partially hosted within an early to mid-Jurassic multi-phase intrusive complex, with associated volcanic and volcanoclastic rocks and sediments. Many mineralized zones occur on the property, including four mineralized zones with established reserves. The mineralized zones have been folded, and are often separated by dip-slip fault zones. Mineralization can vary in orientation from shallow to steeply dipping. The Marc, AV and JW Zones vary in widths from one to forty meters, averaging about sixteen meters in thickness. Gold mineralization is Dominantly free milling native gold and electrum local gold-silver tellurides; the zones are associated with stockwork, disseminations and patches of coarse grained pyrite, surrounded by a pyrrhotite/sphalerite halo. Alteration facies includes strong quartz-sericite alteration.

### 2017 Red Mountain Feasibility Study

In June 2017, the Company reported the results from an independent feasibility study (“**2017 FS**”) prepared in accordance with NI43-101 for the Red Mountain Project (“**2017 FS**”). The 2017 FS was prepared under the direction of JDS Energy & Mining Inc., in collaboration with a broad range of consultants and was summarized into the report titled “NI43-101 Feasibility Study Technical Report for the Red Mountain Project, British Columbia, Canada” filed on SEDAR on August 10, 2017.

All of the information in this section, “**2017 Red Mountain Feasibility Study**” is sourced from the technical report.

#### 2017 FS KEY ASPECTS AND ASSUMPTIONS

The tables below summarize the various assumptions, operational parameters and economic results of the 2017 FS. All money values are nominal 2017 Canadian dollars unless otherwise stated. The economic analysis in the 2017 FS does not include mineral resources that are not mineral reserves.

Parameter	Unit	Value
<b>Au Price</b>	US\$/oz	1,250
<b>Ag Price</b>	US\$/oz	17.00
<b>FX Rate</b>	US\$:C\$	0.76
<b>Mine Life</b>	Years	5.4
<b>Mill Feed</b>	Mt	1.95
<b>Throughput Rate</b>	t/d	1,000
<b>Average Au Head Grade</b>	g/t	7.53
<b>Average Ag Head Grade</b>	g/t	21.86
<b>Au Payable</b>	Koz	425
	koz/a	78
<b>Ag Payable</b>	Koz	1,173
	koz/a	215
<b>NSR (after Royalties)</b>	C\$M	683.9
<b>Operating Costs</b>	C\$M	273.5
	C\$/t mined	140.02
<b>Cash Costs<sup>(1)</sup></b>	US\$/payable oz	492
<b>All In Sustaining Costs<sup>(2)</sup></b>	US\$/payable oz	611
<b>Pre-production Capital</b>	C\$M	123.0
<b>Pre-production Contingency</b>	C\$M	12.7
<b>Total Pre-production Capital</b>	C\$M	135.7
<b>Sustaining &amp; Closure Capital (Net of Salvage)</b>	C\$M	60.4
<b>Sustaining &amp; Closure Contingency</b>	C\$M	6.4
<b>Total Sustaining &amp; Closure Capital</b>	C\$M	66.8
<b>Total Capital Costs Incl. Contingency</b>	C\$M	202.4
<b>Pre-Tax Cash Flow</b>	C\$M	208.0
<b>Taxes</b>	C\$M	63.2
<b>After-Tax Cash Flow</b>	C\$M	144.8

1. (Operating Costs + Refining Costs + Royalties – Silver Credits)/Payable Au Oz

2. (Operating Costs + Refining Costs + Royalties + Sustaining and Closure Capital - Silver Credits)/Payable Au Oz

## Economic Results

Parameter	Unit	Pre-Tax Results	After-Tax Results
NPV <sub>0%</sub>	C\$M	208	145
NPV <sub>5%</sub>	C\$M	155	104
IRR	%	40	32
Payback Period	%	1.7	1.9

## Capital Costs

The capital cost ("CAPEX") estimate includes all costs required to develop, sustain, and close the operation for a 1,000 tonne per day mine and mineral processing operation. The accuracy of this CAPEX estimate is +/-15% in accordance with the level of detail for a Class 3 estimate. The initial or pre-production CAPEX is C\$135.7 million, with sustaining CAPEX totaling C\$66.8 million as outlined below.

Capital Cost By Area – C\$ M	Pre-Production	Sustaining	Total
Mining	11.3	38.3	49.6
Site Development	9.0	2.2	11.2
Mineral Processing	37.7	0.4	38.0
Tailings Management	7.2	10.9	18.1
Infrastructure	23.7	-	23.7
Off-site Infrastructure	2.8	-	2.8
Project Indirects	9.3	-	9.3
EPCM	13.0	-	13.0
Owner's Costs	9.1	-	9.1
<b>Subtotal Pre-Contingency</b>	<b>123.0</b>	<b>51.7</b>	<b>174.7</b>
Contingency	12.7	5.2	17.9
<b>Subtotal (incl. Contingency)</b>	<b>135.7</b>	<b>56.9</b>	<b>192.6</b>
Closure Costs	-	12.4	12.4
Closure Contingency	-	1.2	1.2
Salvage Value	-	(3.8)	(3.8)
<b>Total Capital Costs</b>	<b>135.7</b>	<b>66.8</b>	<b>202.4</b>

The CAPEX estimate includes the costs required to develop, sustain, and close the operation for the planned six-year mine life, which includes a 15-month construction period. The initial capital estimates include all pre-production mining activities and assumes leased mining equipment. The capital estimate includes the down-payment of the leased equipment and lease payments are reflected in the mine operating costs. The sustaining capital estimate is based on required capital expenditure during operations for tailings storage, limited site development work, and mining infrastructure installations as defined by the mine plan. The closure and reclamation estimate is based on a preliminary estimation of a closure plan commencing in Year 6 and continuing to Year 11.

## Mineral Resource Estimate

In January 2017, the Company completed an update to its April 2016 resource estimate incorporating results from drilling completed during the 2016 field program. An independent technical report was prepared by Dr. Gilles Arseneau, P. Geo and Andrew Hamilton, P. Geo, following the guidelines of the Canadian Securities Administrators National Instrument 43-101 and Form 43-101F report, titled "Mineral Resource Update for the Red Mountain Gold Project, Northwestern., BC Canada". The report was filed on SEDAR on March 2, 2017 and can be viewed on the SEDAR website, [www.sedar.com](http://www.sedar.com), and/or IDM's website [www.idmmining.com](http://www.idmmining.com).

The mineral resource estimate was prepared using 3D GEMS block modeling software. Resources were estimated from 538 surface and underground drill holes in 4 by 4 by 4 m blocks by ordinary kriging and anisotropic search ellipsoids designed to fit geology. Grade estimates were based on capped 1.5 m composite assay data. Gold values used in the interpolation runs were top cut to 55 g/t gold and silver top cut to 220 g/t silver.

Summary of Estimated Resources as of January 23, 2017, reported at 3.0 g/t Au cut-off.

Deposit	Tonnage	In situ Gold Grade	In situ Silver Grade	In situ Contained	In situ Contained
	(tonnes)	g/t	g/t	(Troy ounces)	(Troy ounces)
<b>MEASURED</b>					
MARC	682,000	10.62	38.33	232,800	840,500
AV	519,400	7.73	20.03	129,100	334,500
JW	44,600	10.11	13.21	14,500	19,000
<b>INDICATED</b>					
Marc	32,200	9.69	32.61	10,100	33,800
AV	236,300	9.07	19.25	68,900	146,300
JW	314,200	8.54	17.98	86,300	181,600
141	188,600	4.91	11.1	29,700	67,300
Marc FW	18,100	6.15	12.05	3,600	7,000
Marc Outliers	4,200	3.43	16.77	500	2,300
NK	10,700	5.58	7.57	1,900	2,600
JW Lower	24,300	8.15	26.58	6,400	20,800
<b>TOTAL MEASURED &amp; INDICATED</b>	<b>2,074,700</b>	<b>8.75</b>	<b>24.82</b>	<b>583,700</b>	<b>1,655,700</b>
<b>INFERRED</b>					
MARC	4,500	10.43	43.35	1,500	6,200
AV	43,300	8.13	15.39	11,300	21,400
JW	111,700	6.78	7.39	24,400	26,500
141	15,100	4.67	4.69	2,300	2,300
Marc FW	12,600	5.12	6.38	2,100	2,600
Marc Outliers	7,300	6.54	27.36	1,500	6,400
NK	7,300	5.98	9.05	1,400	2,100
JW Lower	2,000	13.94	9.26	900	600
AV Lower	42,500	5.55	6.05	7,600	8,300
132	78,700	4.73	11.51	12,000	29,100
<b>TOTAL INFERRED</b>	<b>324,700</b>	<b>6.21</b>	<b>10.11</b>	<b>64,800</b>	<b>105,500</b>

(1) Measured and Indicated Resources are inclusive of Reserves

(2) Resources that are not mineral reserves do not have demonstrated economic viability

## Mining Reserve Estimate

The Mineral Reserve for the Project was estimated by Michael Makarenko, P. Eng., an independent Qualified Person of JDS. All Mineral Reserves are Proven and Probable Mineral Reserves. The Mineral Reserves are not in addition to the Mineral Resources, but are a subset thereof.

### Summary of Estimated Mineral Reserves as of June 26, 2017

Category	Diluted Tonnes (kt)	Au Grade (g/t)	Au Ounces (kOz)	Ag Grade (g/t)	Ag Ounces (kOz)
Proven	1,308	7.82	329	25.09	1,055
Probable	645	6.93	144	15.32	318
<b>TOTAL</b>	<b>1,953</b>	<b>7.53</b>	<b>473</b>	<b>21.86</b>	<b>1,373</b>

(1) A gold price of US\$1,250/oz and an exchange rate of CDN\$1.00 to US\$0.76.

(2) A gold cut-off grade of 3.55 g/t for longhole mining and 4.10 g/t for development and cut & fill mining.

(3) Silver was not used in the estimation of cut-off grades but is recovered and contributes to the revenue stream.

(4) Rounding as required by reporting guidelines may result in summation differences.

Both the Mineral Resource and Mineral Reserve Estimates take into consideration on-site operating costs (e.g. mining, processing, site services, general and administration, royalties), metallurgical recoveries, and selling costs. In addition, the reserves incorporate allowances for mining recovery and dilution, and overall economic viability.

### 2017 Surface and Underground Drill Program

In March 2017, the Company commenced its 2017 surface and underground resource expansion, infill and exploration drill program at Red Mountain. The objectives of the 2017 drill program were to expand resources in all zones (Marc, AV, JW, SF and 141 Zone) and explore the northern extension with the intention of extending the potential mine life. The 2017 field program concluded at the end of October 2017 and the Company had completed 29,312 meters in 104 underground, eight surface and 3 geotechnical holes.

Highlights from the 2017 drill results include the following:

- U17-1229: 6.23 meters true width at 12.95 g/t Au and 48.33 g/t Ag
- U17-1233: 25.00 meters true width at 6.15 g/t Au and 37.69 g/t Ag
- U17-1234: 97.0 meters at 1.24 Au; including 6.00 meters of 6.27 Au
- U17-1245: 8.60 meters true width at 12.33 g/t Au and 70.90 g/t Ag
- U17-1262: 14.00 meters true width at 10.65 g/t Au and 17.37 g/t Ag
- U17-1289: 4.88 meters true width 149.24 g/t Au and 59.88 g/t Ag
- U17-1296: 6.89 meters true width 26.6 g/t Au and 88.19 g/t Ag

Full details of the 2017 drill results are available in press releases dated: May 23<sup>rd</sup>; June 8<sup>th</sup>; July 4<sup>th</sup>; July 11<sup>th</sup>; August 9<sup>th</sup>; September 5<sup>th</sup>, October 26<sup>th</sup> and December 7<sup>th</sup> with drill plans and example cross sections available on the Company's website.

In February 2018, the Company announced a revised geological interpretation of its geological model. The new interpretation has identified repeating high-amplitude post-mineralization folds that has opened up multiple areas to resource expansion that were previously thought closed or having lower exploration potential. The Company is currently working on updating its resource estimate expected to be released in spring 2018, which will incorporate the revised geological model, 2017 drilling results and historic gold intercepts that were not previously included in the current resource estimate.

### ***Permitting***

On March 31, 2017, the BC EAO approved the Application Information Requirements (“AIR”) for the proposed Red Mountain Underground Gold Project. The AIR specified the information, along with the Environmental Impact Statement guidelines issued by CEAA in January 2016, that was to be contained in the application for an Environmental Certificate/Environmental Impact Statement. The approval of the AIR followed several months of public engagement, technical review, and consultation, including: a public open house in Stewart, a public comment period, community open houses in the Nisga’a Villages of Gitlaxt’aamiks and Gitwinksihlkw, and several focused, technical discussions with Nisga’a Nation representatives and consultants.

In July 2017, the Company submitted its Application/EIS in accordance with the AIR and the Environmental Impact Statement guidelines. The submission of the Application/EIS initiated a 30-day review for completeness of the document by BC EAO, CEAA and working group member including the Nisga’a Nation. Comments were received in August and the Company resubmitted its Application/EIS on September 25, 2017.

In November 2017, the Application/EIS was accepted and entered into the formal 180-day Application Review phase of the environment assessment process. On March 12, 2018, the Company requested a 30 to 45 day temporary suspension of the Application Review phase from the BC EAO and CEAA to allow for final resolution of outstanding technical comments and information requests. On March 13, 2018, EAO granted the temporary suspension (Day 134 of 180 day Application Review Phase) and the Application Review phase will resume once the final issues have been resolved.

### ***First Nations Engagement***

The Company continues to fully consult with the Nisga’a Nation (“Nisga’a”), who holds Treaty rights in the Project area, regarding proposed field activities and during the permitting process. The Company is committed to engaging with Nisga’a and supporting Nisga’a full participation in the environmental and regulatory reviews of the Project, as well as in the employment and business opportunities related to the Project and the ongoing work programs.

### ***Engineering***

Following the completion of the 2017 FS, the Company focused engineering efforts on obtaining all field-based information required for the *Mines Act* permit application (“MAPA”) and detailed engineering and conducting various trade-off studies to optimize potential development and production.

During the 2017 field season, the Company completed the following field-based engineering technical work:

- A geotechnical site investigation drilling program comprised of sixteen core holes during August and September of 2017 at Bromley Humps to evaluate the geotechnical and hydrogeological conditions at the proposed location for the tailings management facility, process plant and topsoil stockpile locations;
- A hydrotechnical assessment of Bitter Creek and tributary crossings for the access road in-fill works and free-span bridge crossings;
- A site investigation program, including geotechnical analysis for the access and haul road alignment in support of detailed engineering;
- A soils, vegetation and construction material characterization program;
- Detailed avalanche and geohazard mapping of the Red Mountain property, including the tailings management facility, process plant and mine site areas; and
- A geotechnical site investigation drilling program comprised of three core holes at the proposed secondary portal in support of detailed engineering.



In addition to the field-based work, the Company advanced the engineering design of the following key items in 2017:

- Access and haul road design including in-fill works, free-span bridge crossings and borrow/quarry designs were advanced in support of MAPA;
- Signature plot testwork was complete to confirm energy requirements for secondary grinding;
- Terrain stability and rockfall hazard assessment was completed at the tailings management facility and plant site location;
- Lower portal and portal plug designs were advanced in support of MAPA;
- An Energy Efficiency Feasibility Study was initiated with BC Hydro to evaluate opportunities to optimize energy requirements; and
- The Company entered into an agreement with BC Hydro to complete a System Impact Study to evaluate the proposed interconnection point and energy demand.

During the current period, the Company continue to advance the value engineering phase in advance of basic engineering to optimize the potential development and production, including:

- Third party reviews of the 2017 FS capital and operating costs and engineering design;
- Trade-off studies to the 2017 FS evaluating:
  - an alternative flowsheet (floatation-regrind-leach), carbon-in-leach residency time (whole ore leach);
  - carbon-in-leach residency time (24-hour vs 48-hour);
  - secondary grinding technology; and
  - potential to increase design throughput from 1,000 tpd to 1200 tpd
- Evaluation of alternative mine site infrastructure layouts;
- Opportunities to increase the tailings management facility capacity within the FS design footprint; and
- Optimization of the underground mine design.

### ***YUKON PROPERTIES***

In February 2016, the Company acquired Osisko's portfolio of Yukon Properties. As consideration, the Company issued 7,188,889 shares and granted a 1% net smelter royalty over the properties and certain other rights to Osisko. The properties are subject to certain other underlying royalties.

In March 2017, the Company completed the sale of its Yukon Properties to Strikepoint in exchange for cash of \$150,000 and 10,500,000 common shares of Strikepoint. Mike McPhie was initially appointed to Strikepoint's board of directors as the Company's representative and replaced by Susan Neale in 2018.

### **QA/QC**

Drill core samples for the 2017 and 2016 exploration programs were cut with a diamond saw, and placed in sealed bags and shipped to ALS Labs Ltd. in Terrace, BC for sample preparation, with pulps subsequently shipped to Vancouver, BC for gold and multi-element ICP analysis. A Quality Control/Quality Assurance program, including the insertion of Standards and Blanks, was implemented. The 2017 and 2016 exploration program was performed under the supervision of Rob McLeod, P.Geol., President and CEO of IDM Mining Ltd. and a 'Qualified Person' under NI 43-101. Approximately 10% of all samples submitted include randomly inserted blank material or multiple quality control standards. An additional 10% of samples were analyzed by SGS Labs as check samples.

Additional technical information on Red Mountain including the NI43-101 Technical Report can be reviewed at [www.IDMmining.com](http://www.IDMmining.com) and [www.sedar.com](http://www.sedar.com).

**QUALIFIED PERSON**

Technical disclosure for the Company's projects included in this MD&A has been reviewed and approved by Robert McLeod, P. Geo. Mr. McLeod is IDM's CEO and President and a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects.

**SELECTED QUARTERLY INFORMATION**

	Three Month Period Ended			
	31-Jan-18	31-Oct-17	31-Jul-17	30-Apr-17
	\$'000	\$'000	\$'000	\$'000
Total Assets	50,848	52,275	48,418	50,952
Exploration and Evaluation				
Assets	44,104	42,261	35,201	26,275
Working Capital	1,276	3,937	7,414	17,971
Shareholders' Equity	44,579	45,512	43,202	45,423
Net Income/(Loss)	(762)	(2,983)	(2,336)	5,291
Net Income/(Loss) per Share	(0.00)	(0.01)	(0.01)	0.02

	Three Month Period Ended			
	31-Jan-17	31-Oct-16	31-Jul-16	30-Apr-16
	\$'000	\$'000	\$'000	\$'000
Total Assets	28,834	31,150	20,732	20,517
Exploration and Evaluation				
Assets	22,735	19,955	12,654	9,189
Working Capital	3,391	6,870	4,338	7,518
Shareholders' Equity	26,522	27,224	17,143	16,822
Net Income/(Loss)	(788)	330	(1,427)	(206)
Income/(Loss) per Share	(0.00)	0.00	(0.01)	0.00

The variability in IDM's net income/(loss) over the last the eight quarters is a result of changing levels of share-based payments, recognition of flow-through premium, and office and administrative expenses. Changing levels in capital expenditures expenses and general and administrative costs fluctuate independently according to exploration activities and corporate activities including shareholder communication. During the three-month period ended April 30, 2017, the Company received shares in a publicly traded company as consideration for the sale of its Yukon Properties and recognized a gain on sale of \$3,444,846. The Company has classified the shares (marketable securities) it received as fair value through profit and loss and their fair value is determined by reference to their quoted closing bid price at the reporting date. Fair value changes on marketable securities held at reporting dates may also cause variability in IDM's net income/(loss).

## **RESULTS OF OPERATIONS**

### **For the three months ended January 31, 2018**

The Company's net loss for the three months ended January 31, 2018 was \$761,661 or \$0.00 per share compared to a net loss of \$787,877 or \$0.00 for the three months ended January 31, 2017. The significant variances between these periods include:

- Salaries and management fees have increased to \$583,848 (2017 - \$331,638) due to additional employees as compare to prior period and salary increases granted to key officers in line with salaries paid to similarly sized mineral exploration companies in Canada.
- Professional fees have decreased in 2018 to \$14,749 (2017 - \$115,318) as a result of reduced level of corporate transactions.
- Investor relations and shareholder communications costs have decreased in 2018 to \$104,398 (2017 - \$240,348) as result of reduced level of activity relating to marketing.

### **Investing Activities**

Net cash used by the Company in investing activities for the three months ended January 31, 2018 was \$2,546,900 (2017 - \$4,547,781). Expenditures were higher for the prior period as result of a larger portion of expenditures paid subsequent to year end, costs associated with metallurgical test work, engineering and the commencement of the feasibility study.

### **Financing Activities**

During the three months ended January 31, 2018 there were no shares issued.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

### **Related Party Transactions**

The Company's consolidated financial statements include the financial statements of the Company, its 100% owned subsidiaries, Minera Revolution, S.A. de C.V. (Mexico) and Minera Golondrina, S. de R.L. de C.V (Mexico); and Storgold Resources Ltd (Canada) up to the date of dissolution of May 24, 2016.

During the three month period ended January 31, 2018, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Salaries, bonuses and management fees of \$198,750 (2017 - \$159,800) to either Rob McLeod or Linus Geological Ltd, a company controlled by Robert McLeod, an officer and director of the Company.
- b) Management fees and bonuses of \$70,000 (2017 - \$99,000) to Falkirk Resource Consultants Ltd, a company controlled by Michael McPhie, an executive director of the Company.
- c) Salaries, bonuses and management fees of \$110,000 (2017 - \$57,500) to Susan Neale, an officer of the Company.
- d) Salaries of \$47,500 (2017 - \$Nil) to Ryan Weymark, an officer of the Company.

- e) Director fees of \$36,000 (2017 - \$21,000) to non-executive directors.
- f) Professional advisory fees of \$4,987 (2017 - \$Nil) to Landscape Holdings Inc, a company controlled by David Parker, a director of the Company.

Included in accounts payable is \$284,760 (Oct 31, 2017 - \$130,260) due to directors, officers and companies controlled by 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 three month period ended January 31, 2018, the Company paid or accrued \$17,818 (2017 - \$21,750) for office and administrative expenditures.

Falkirk Resource Consultants Ltd is private company controlled by Michael McPhie, a director of the Company. During the period ended January 31, 2018, the Company paid or accrued \$128,503 (2017 - \$159,115) 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 close family member to the CEO and President of the Company. During the period ended January 31, 2018, the Company paid or accrued \$112,498 (2017 - \$81,799) to Catana for services related to first nation consultation and public engagement, environment assessment process and permitting.

### **Subsequent Events**

- a) In March 2018, the Company announced a non-brokered private placement financing (the "Offering") to sell flow-through units ("Flow-Through Units") at a price of \$0.09 per Flow-Through Unit and non-flow-through units ("Common Units") at a price of \$0.08 per Common Unit, for aggregate gross proceeds of up to \$4.35 million.

Each Common Unit will consist of one common share of the Company (a "Common Share") and one-quarter of one non-transferable share purchase warrant, with each warrant entitling the holder thereof to acquire one Common Share at a price of \$0.12 per Common Share for a period of twenty-four (24) months following the closing of the Offering.

Each Flow-Through Unit will consist of one flow-through common share of the Company (a "Flow-Through Share") and one-quarter of one non-transferable share purchase warrant, with each warrant entitling the holder thereof to acquire one non flow-through Common Share at a price of \$0.12 per Common Share for a period of twenty-four (24) months following the closing of the Offering.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company has no operations that generate cash flow. The Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company and its management. To date, the Company has financed its activities by the private placement of equity securities, consisting of a combination of flow-through and non-flow-through securities. In order to continue funding their exploration activities and corporate costs, exploration companies are usually reliant on their ongoing ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for the commodities that are being explored for, a company's track record, and the experience and caliber of a company's management. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities.

**Cash and Financial Condition**

As at January 31, 2018, the Company had a working capital of approximately \$1.3 million. Included in the working capital is the \$0.8 million relating to amounts owing in Mexico for the mining property taxes (holding costs) required to keep the properties in good standing. The Company has abandoned all properties in Mexico and is in the process of winding up operations in Mexico.

The Company has no debt, does not have any unused lines of credit, or other arrangements in place to borrow funds, and has no off-balance sheet arrangements.

The Company manages its liquidity risk (i.e., the risk that it will not be able to meet its obligations as they become due) by forecasting cash flows from operations together with its investing and financing activities. Expenditures are adjusted to ensure liabilities can be funded as they become due. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

**Financial Instruments**

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of short-term investments, receivables, prepaid expenses, accounts payable and accrued liabilities and Mexican mining taxes and other payables approximate their fair value because of the short-term nature of these instruments. Marketable Securities are classified at fair value through profit and loss and measured at the value determined on the quoted closing bid price where they are traded.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values

**OUTSTANDING SHARE DATA**

As at the date of this report, the Company had an unlimited number of common shares authorized for issuance with 397,808,519 common shares issued and outstanding.

The Company has the following incentive stock options and warrants outstanding at the date of this report:

	Number	Exercise price	Expiry date
<b>Stock Options</b>	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
	7,500,000	0.15	February 1, 2022
	1,300,000	0.17	February 9, 2022
	200,000	0.155	May 1, 2022
	<u>3,000,000</u>	<u>0.14</u>	October 18, 2022
<u>30,755,000</u>	<u>0.17</u>		
<b>Warrants</b>	50,419,519	0.15	April 27, 2018
	1,277,005	0.23	August 21, 2018
	193,650	0.23	September 13, 2018
	18,991,291	0.25	October 4, 2018*
	<u>20,000,000</u>	<u>0.20</u>	July 31, 2020**
	<u>90,881,465</u>	<u>0.18</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 in 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 in 30 days from the date of notice.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of consolidated financial statements in accordance with IFS requires the Company's management to make certain critical accounting estimates, judgements and assumptions about future events that effect the amounts reported in the consolidated financial statements and related notes to the financial statements. It requires management to exercise judgement in applying the Company's accounting policies. These judgements, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements.

For a complete discussion of critical accounting estimates, refer to the Company's annual 2017 Management Discussion and Analysis.

## **RISKS AND UNCERTAINTIES**

Companies in the exploration stage face a variety of risks and investments are highly speculative. While unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

Readers are referred to the Company's most recent Annual Information Form, located on SEDAR at [www.sedar.com](http://www.sedar.com), for a full list of applicable risk factors.

## **CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS**

Some of the statements contained in this document constitute forward-looking information within the meaning of the Securities Act (British Columbia), Securities Act (Ontario), Securities Act (Nova Scotia) and the Securities Act (Alberta). Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

More specifically, forward-looking information contained here may include, without limitation, statements concerning IDM's plans for its mineral property located in British Columbia, Canada, the timing and amount of estimated future production and mine life, expected future prices of minerals, mineral reserve and mineral resource estimates, estimated capital and operating costs of the project, estimated capital pay-back period, estimated asset retirement obligations, timing of development and permitting time lines; all of which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Forward-looking information contained here is based on material factors and assumptions and is subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially from a conclusion, forecast or projection in the forward-looking information. These include, without limitation, material factors and assumptions relating to, and risks and uncertainties associated with, the availability of financing for activities when required and on acceptable terms, the accuracy of the interpretation of drill results and the estimation of mineral resources and reserves, the geology, grade and continuity of mineral deposits, the consistency of future exploration, development or mining results with our expectations, metal price fluctuations, the achievement and maintenance of planned production rates, the accuracy of component costs of capital and operating cost estimates, current and future environmental and regulatory requirements, favourable governmental relations, the availability of permits and the timeliness of the permitting process, the availability of shipping services, the availability of specialized vehicles and similar equipment, costs of remediation and mitigation, maintenance of title to mineral properties,

industrial accidents, equipment breakdowns, contractor's costs, remote site transportation costs, materials costs for remediation, labour disputes, the potential for delays in exploration or development activities, timely completion of future mineral reserve or resource estimates, timely completion of scoping or feasibility studies, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, continuing global demand for base metals, expectations and beliefs of management and other risks and uncertainties as discussed in our MD&A. Although IDM has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, 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 statements will prove to be accurate. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from any conclusions, forecasts or projections described in the forward-looking information. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, we undertake no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.