**FORM 51-102F1**
**MANAGEMENT DISCUSSION AND ANALYSIS**
**FOR THE YEAR PERIOD ENDED OCTOBER 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 year ended October 31, 2018 (the "**fiscal year 2018**") and the comparable period in 2017 (the "**fiscal year 2017**"). This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended October 31, 2018 and 2017, and MD&A's for all relevant periods, which are available on the SEDAR website at 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 February 25, 2019.

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 and on the Company's website at 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 recently received provincial and federal environmental assessment approval and the development of Project may proceed.

On January 6, 2019, the Company entered into a definitive arrangement agreement whereby Ascot Resources Ltd ("**Ascot**") will acquire all outstanding common shares of the Company. Completion of this transaction will result in the consolidation of the Company's Project with Ascot's Premier Gold Project, also located in BC's Golden Triangle and the Company becoming a wholly owned subsidiary of Ascot. The Company anticipates the transaction close to occur in late March 2019. See below section "Proposed Acquisition by Ascot Resources Ltd." for further details on the transaction.

## HIGHLIGHTS

### For the Year Ended October 31, 2018

- 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 identified high-amplitude, post mineralization folds that have deformed the mineralized zones, rather than the previous model that interpreted parallel zones.

- 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 pre-development 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 temporary suspension of the Application Review period from the BC Environmental Assessment Agency ("**BC EAO**") and the Canadian Environmental Assessment Agency ("**CEAA**") and it was granted the following day to allow for final resolution of outstanding technical comments and information requests. The temporary suspension was lifted on July 13, 2018.

- On April 17, 2018, the Company closed a non-brokered private placement financing comprised of 22,505,556 flow-through units at a price of $0.09 per flow-through unit and 28,750,000 common units at a price of $0.08 per common unit, for aggregate gross proceeds of $4.325 million. Each common and flow-through unit consisted 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 non-transferrable finder warrants. Each finder warrant entitles the holder to purchase one common share at $0.12 per share for a period of 12 months.

- On April 27, 2018, the Company granted 1,700,000 stock options to an officer and newly appointed investor relations, technical and administrative employees of the Company.

- In May 2018, the Company commenced its 2018 field season and dewatering of the underground, as well as surface mapping, sampling, trenching at the Lost Valley target area, located 4 kilometers south of the resource area. Trenching during 2018 connected the high-grade Money Rock and Randell Zones, which were originally interpreted to be separate structures since discovery in 2016. The mineralized structure, typified by consistent gold-silver mineralization has been traced for over 310 meters of strike, with thickness ranging from 0.50 to 9.0 meters true thickness.

- On June 19, 2018, the Company announced an update to its mineral resource estimate for the Red Mountain Project to include the results from the additional drilling completed in 2017 and the revised interpolation of the geological model (the "**2018 Resource Estimate**"). The 2018 Resource Estimate yielded a 21% increase in contained Measured & Indicated ("**M&I**") gold ounces ("**oz**') or 120,900 oz to 704,600 as compared to the prior resource estimate, at an average grade of 7.91 grams per tonne ("**g/t**"), a slight decline of 10%. The 2018 Resource Estimate has a resource of 2,771,300 tonnes in the M&I category averaging 7.91 g/t gold and 22.75 g/t silver for 704,600 oz of gold and 2,026,800 oz of silver with an additional 316,000 tonnes in the Inferred category, averaging 6.04 g/t gold and 7.60 g/t silver, for 61,400 oz of gold and 77,200 oz of silver.

- On August 28, 2018, the Project was referred by the BC EAO to the Minster of Energy, Mines and Petroleum Resources and the Minister of Environment for consideration and granted an Environmental Assessment Certificate on October 5, 2018.

- In October 2018, the Company commenced an underground drill program at the Project. The objective of the 2018 drill program was primarily to test folded extensions to the prospective mineralized horizon, as well as step-out drilling from current resources and the conversion of inferred resources to measured and indicated.

- On October 22, 2018, the Company closed the first tranche of a non-brokered private placement financing comprised of 30,099,999 common units at a price of $0.06 per common unit and 1,643,000 flow-through shares at a price of $0.07 per flow-through share, for aggregate gross proceeds of $1.921 million. Each common unit consisted of one common share and one-half warrant, with each whole warrant exercisable for a period of 24 months at $0.085 per share. Finder's fees payable in connection with the financing consisted of $3,060 and 51,000 non-transferrable finder warrants. Each finder warrant entitles the holder to purchase one common share at $0.085 per share for a period of 12 months.

**SUBSEQUENT EVENTS**

- On November 20, 2018, the Company closed the second and final tranche of a non-brokered private placement financing comprised of 26,449,671 common units at a price of $0.06 per common unit and 12,431,242 flow-through shares at a price of $0.07 per flow-through share, for aggregate gross proceeds of $2.46 million. Each common unit consisted of one common share and one-half warrant, with each whole warrant exercisable for a period of 24 months at $0.085 per share. Finder's fees payable in connection with the financing consisted of $49,700 and 667,142 non-transferrable finder warrants. Each finder warrant entitles the holder to purchase one common share at $0.085 per share for a period of 12 months.

- In December 2018, the Company concluded its 2018 underground drill program using three drill rigs, winterized camp and shop facility located adjacent to the underground workings. A total of 40 holes for 10,000 meters were completed. Assay results received in January 2019, indicate exploration success in the SF, Smit and Marc-141 syncline, as well as discovery of the Lacasse and Preef Zones, has validated the revised interpretation of the geological model announced in February 2018, and mineralization expanding in multiple areas for future drilling targeting resource expansion.

- On January 6, 2019, the Company entered into a definitive arrangement agreement ("the "**Definitive Agreement")** with Ascot, pursuant to which Ascot has agreed to acquire all of the issued and outstanding common shares of the Company. Each shareholder of the Company will be entitled to receive 0.0675 of a common share of Ascot for each common share of the Company held.

- On January 15, 2019, the Company received federal environmental assessment approval for the Red Mountain project.

- On January 23, 2019, the Company closed a $3.35 million secured convertible bridge loan from Ascot and has drawn down the full amount.

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 and/or on the Company's website at www.idmmining.com.

## PROPOSED ACQUISITION BY ASCOT RESOURCES LTD

On January 6, 2019, the Company entered into the Definitive Agreement with Ascot pursuant to which Ascot has agreed to acquire all of the issued and outstanding common shares of the Company (the "**Transaction**"). Each shareholder of the Company will be entitled to receive 0.0675 of a common share of Ascot for each common share of the Company held. Each warrant of the Company will be converted into an Ascot warrant per the terms of the warrant certificate. Each stock option of the Company will be exchanged in accordance with the plan of arrangement (the "**Plan of Arrangement**").

The consideration valued the Company at approximately $0.086 per share, representing a premium of approximately 54% to the Company's shareholders based on the trailing 20 -day volume weighted average price of each company as of the closing of trading on January 4, 2019. Upon completion of the Transaction, it is expected that the Company shareholders will hold approximately 16.75% of Ascot shares on an outstanding basis.

The Definitive Agreement includes customary provisions, including non-solicitation, right to match and fiduciary out provisions, as well as certain representations, covenants and conditions which are customary for a transaction of this nature. The Definitive Agreement provides for $2.0 million termination fee payable by the Company to Ascot in certain circumstances and a reciprocal expense reimbursement fee of $500,000 payable under certain circumstances.

The Arrangement has been unanimously approved the by the board of directors of both the Company and Ascot and will be subject to, among other things the approval of 66 ⅔ of the holders of the Company's shares and the approval of a "majority of the minority" of the Company's shares, excluding shares held or controlled by Rob McLeod and those who constitute an interested party or a related party under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction at a special meeting of the Company's shareholders which is scheduled to occur on March 20, 2019, receipt of all necessary regulatory and court approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature. The Arrangement is expected to close in March 2019.

Directors and officers of the Company, along with the Company's largest shareholder, Osisko Gold Royalties Ltd representing approximately 18.86% of the Company's share have agreed to voting support agreements with Ascot with respect to the Arrangement.

Highlights of the Transaction include:

- The compelling combination of the two advanced high-grade gold development projects in BC's Golden Triangle. The combined company will host a resource base of 1.4 million ounces of high-grade Measured and Indicated resources plus 1.4 million ounces of additional Interred; this will be one of the largest underground resource base in Canada;

- The combination of the Company and Ascot creates a combined company with material prospects in geographic and regulatory proximity, potential significant operational synergies, and potentially reduced development and operational costs. Red Mountain and Premier are both located within 20km of the mining town of Stewart, BC, within the Treaty Lands of the Nisga'a Nation; and

- Complementary management teams with a combined skill set of mining development, operations, finance, exploration and community relations experience; locally-based team of miners, drillers and support teams;

- The share consideration of 0.0675 of an Ascot Share represents a premium of 54% to IDM Shareholders, based on the volume weighted average price of the IDM Shares and Ascot Shares on the TSX-V for the 20 trading days ended on January 4, 2019, the last trading day prior to the announcement of the Arrangement.

## RESOURCES

National Instrument 43-101 ("43-101") of the Canadian Securities Administrators – Standards of Disclosure for Mineral Projects – requires that each category of mineral resources be reported separately. Readers should refer to IDM's continuous disclosure documents available at 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 Marc zone was discovered in 1989; work by previous operators includes 469 diamond drill holes and over 2,000 meters of underground development.

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 volcaniclastic rocks and sediments. Many mineralized zones occur on the property and are included in the updated mineral resource estimate. The mineralized zones have been folded and are often separated post-mineralization fault zones. Mineralization can vary in orientation from shallow to steeply dipping. The Marc, AV and JW Zones comprise the majority of resources and can 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.

### *Updated Mineral Resource Estimate Announced*

In June 2018, the Company announced an update to the mineral resource estimate for the Red Mountain Gold Project. The 2018 Resource Estimate incorporated information from previous drilling, results from the drilling completed in 2017 and the revised interpolation of the geological model since the prior resource estimate was announced in January 2017.

Highlights of the 2018 Resource Estimate as compared to the prior resource estimate are as follows:

- 39.2% increase in measured gold oz or 147,600 oz of gold and measured tonnes increased by 581,900 or 46.7%, maintaining a grade of 8.92 g/t gold and 28.30 g/t silver;

- 20.7% increase in M&I gold oz or 120,900 oz of gold to 740,900 oz of gold plus 2,026,800 oz of silver at an average grade of 7.91 g/t gold and 22.75 g/t silver;
- M&I tonnes increased by 33.6% or 696,900 tonnes to 2,771,300 tonnes;

- Inferred resources of 61,400 oz of gold averaging 6.04 g/t gold, a slight decrease in ounces of 5.2% primarily due to the conversion to the M&I category. A vast majority of the inferred resource in the Marc, AV and JW were converted to M&I category.

- Initial resources reported for Smit, SF, Bray, Chicka and Cambria Zones

**Summary of 2018 Resource Estimate as of June 15, 2018, reported at 3.0 g/t gold cut-off:**

| Deposit | | In situ Gold Grade | In situ Silver Grade | In situ Contained | In situ Contained |
|---|---|---|---|---|---|
| | Tonnes | g/t | g/t | (Gold Troy ounces) | ( Silver Troy ounces) |
| **MEASURED** | | | | | |
| MARC | 715,100 | 10.65 | 41.46 | 244,800 | 953,300 |
| AV | 837,200 | 7.75 | 19.77 | 208,700 | 532,200 |
| JW | 275,600 | 7.96 | 20.07 | 70,500 | 177,800 |
| **TOTAL** | **1,827,900** | **8.92** | **28.30** | **524,000** | **1,663,300** |
| **INDICATED** | | | | | |
| Marc | 9,300 | 11.02 | 45.63 | 3,300 | 13,700 |
| AV | 116,500 | 8.47 | 20.81 | 31,700 | 78,000 |
| JW | 150,500 | 7.24 | 18.48 | 35,000 | 89,400 |
| 141 | 234,700 | 4.86 | 7.04 | 36,700 | 53,100 |
| Smit | 241,400 | 4.54 | 4.64 | 35,200 | 36,000 |
| Marc FW | 28,600 | 5.76 | 10.79 | 5,300 | 9,900 |
| Marc Outliers | 12,100 | 5.24 | 28.64 | 2,000 | 11,100 |
| NK | 37,500 | 7.40 | 8.26 | 8,900 | 9,900 |
| JW HW | 39,900 | 5.66 | 32.28 | 7,300 | 41,400 |
| Bray | 57,100 | 5.68 | 10.43 | 10,400 | 19,100 |
| Chicka | 15,800 | 9.46 | 3.82 | 4,800 | 1,900 |
| **TOTAL** | **943,000** | **5.95** | **11.98** | **180,600** | **363,500** |
| **M&I – TOTAL** | **2,771,300** | **7.91** | **22.75** | **704,600** | **2,026,800** |
| **INFERRED** | | | | | |
| AV | 3,200 | 9.32 | 12.27 | 900 | 1,200 |
| JW | 4,900 | 8.83 | 16.88 | 1,400 | 2,600 |
| 141 | 18,000 | 4.67 | 3.86 | 2,700 | 2,200 |
| Smit | 48,100 | 5.28 | 2.26 | 8,200 | 3,500 |
| Marc FW | 21,400 | 4.61 | 1.95 | 3,200 | 1,300 |
| NK | 500 | 6.79 | 8.19 | 100 | 100 |
| JW HW | 2,100 | 7.22 | 3.55 | 500 | 200 |
| JW FW | 4,800 | 16.09 | 33.78 | 2,500 | 5,200 |
| SF | 54,600 | 6.88 | 17.55 | 12,100 | 30,800 |
| Bray | 73,800 | 4.66 | 7.49 | 11,100 | 17,800 |
| Chicka | 600 | 5.30 | 1.57 | 100 | - |
| Cambria | 84,000 | 6.89 | 4.54 | 18,600 | 12,300 |
| **TOTAL INFERRED** | **316,000** | **6.04** | **7.50** | **61,400** | **77,200** |

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

The 2018 Resource Estimate incorporated information from previous drilling, plus results from 29,312 meters of drilling completed during 2017 (104 additional underground, eight surface and three geotechnical core holes), and local trenching/channel sampling. Mineralization was primarily modelled at approximately 2.5 g/t gold grade based on the underground, bulk-mineable nature of the orebody, primarily amendable to long hole stoping for main mineralized areas including: Marc, AV, JW and peripheral zones, with consideration for sulphide mineralization (primarily pyrite, with local pyrrhotite and sphalerite) and alteration zonation (primarily sericite and silica). Mineralized zones generally follow brecciated contacts between host intrusive (Hillside porphyry) with sediments and volcanic rocks. The mineralized horizon folded by large amplitude (>150 meter) folds and separated into different blocks and zones by post-mineralization faults.

The 2018 Resource Estimate was prepared by Dr. Gilles Arseneau, P.Geo, and Andrew Hamilton, P.Geo, using 3D GEMS block modeling software. Resources were estimated from 415 surface and underground core holes with 622 intercepts within 20 different solids into 4 x 4 x 4 meter blocks. Interpolation was by ordinary kriging, or inverse-distance squared methods on smaller or dispersed data sets, with anisotropic search ellipsoids designed to fit the strike and dips of the zones. An extensive quality control and quality assurance ("**QA/QC**") review was completed on all 2017 and previous exploration work and a comparative analysis was performed on drill hole data, underground bulk sampling and geology. Bulk density was interpolated using inverse-distance squared method where there were sufficient data populations. For zones with sparse data, average values from the data available for a given zone were applied. Comprehensive metallurgical studies have indicated gold recoveries for the main resource zones (Marc, AV, JW, 141) range from 88.1% to 92.8% and average 90.9% (tonnage weighted).

In the prior resource estimate, grade estimates were based on capped 1.5 meter composited assay data. Gold values were top cut to 55 g/t and silver values were top cut to 220 g/t. For the 2018 Resource Estimate, it was determined to cap raw assays with top cuts for gold and silver on a zone by zone basis, as per the following table, prior to compositing to 1.5 meters.

| Zone | Au Cap | Ag Cap | Estimation Method |
|---|---|---|---|
| Marc | 75.00 | 500.00 | OK |
| Marc FW & HW | 75.00 | No cap | OK |
| NK | No cap | No cap | OK |
| AV | 55.00 | 200.00 | OK |
| JW, JW HW & FW, 141 | 40.00 | 200.00 | OK |
| Smit | 55.00 | No cap | OK |
| SF, Bray | 55.00 | No cap | ID2 |
| Chicka, Cambria | No cap | No cap | ID2 |

*OK = ordinary kriging; ID2 = inverse distance squared*

**Sensitivity**

The 2018 Resource Estimate is reported at a 3.0 g/t gold cut-off grade. Cut-off grades may be re-evaluated considering prevailing market conditions (including gold prices, exchange rates and mining costs). Opportunities identified during the Value Engineering phase show potential for reduced operating costs and the potential for lowering the cut-off, which will be validated through an update to the 2017 Feasibility Study. For example, if the cut-off was lowered to 2.5 g/t gold this would add approximately 301,000 tonnes to M&I category and 85,500 tonnes to the Inferred category.

| Class | Cut Off | Tonnes | Au g/t | Ag g/t | Oz Au | Oz Ag |
|---|---|---|---|---|---|---|
| Measured | >4.0gpt | 1,713,200 | 9.27 | 29.04 | 510,800 | 1,599,700 |
| | >3.5gpt | 1,780,400 | 9.07 | 28.59 | 519,000 | 1,636,300 |
| | **>3.0gpt** | **1,827,900** | **8.92** | **28.30** | **524,000** | **1,663,300** |
| | >2.5gpt | 1,853,600 | 8.83 | 28.16 | 526,300 | 1,678,400 |
| | >2.0gpt | 1,868,200 | 8.78 | 28.13 | 527,300 | 1,689,500 |
| | | | | | | |
| Indicated | >4.0gpt | 644,300 | 7.13 | 14.98 | 147,700 | 310,200 |
| | >3.5gpt | 759,700 | 6.61 | 13.63 | 161,600 | 332,800 |
| | **>3.0gpt** | **943,400** | **5.95** | **11.98** | **180,600** | **363,500** |
| | >2.5gpt | 1,218,600 | 5.23 | 10.02 | 204,900 | 392,600 |
| | >2.0gpt | 1,626,000 | 4.48 | 8.01 | 234,200 | 418,700 |
| | | | | | | |
| Inferred | >4.0gpt | 204,000 | 7.47 | 9.59 | 49,000 | 62,900 |
| | >3.5gpt | 247,400 | 6.81 | 8.76 | 54,200 | 69,700 |
| | **>3.0gpt** | **316,000** | **6.04** | **7.60** | **61,400** | **77,200** |
| | >2.5gpt | 401,500 | 5.33 | 6.78 | 68,800 | 87,500 |
| | >2.0gpt | 532,000 | 4.57 | 5.78 | 78,200 | 98,900 |

*The reader is cautioned that the figures in this table are not a Mineral Resource Statement. The figures are only presented to show the sensitivity of the resource estimates to the selection of cut-off grade.*

### *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 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 23rd; June 8th; July 4th; July 11th; August 9th; September 5th; October 26th and December 7th with drill plans and example cross sections available on the Company's website.

### *2018 Underground Drill*

Following the 2017 drilling program, which included step-out holes on 25 meter spacings on all of the major zones, the Company completed a revised interpretation of its geological model that identified high-amplitude, post mineralization folds that have deformed the mineralized zones, rather than the previous model that interpreted parallel zones.

In mid October 2018, the Company commenced an underground drill program at the Project with the objective primarily to test folded extensions to the prospective mineralized horizon, as well as step-out drilling from current resources and the conversion of inferred resources to measured and indicated. The drill program was concluded mid December 2018 and used three drill rigs, winterized camp and shop facility located adjacent to the underground workings. A total of 40 holes for 10,000 meters were completed. Assay results received in January 2019 indicate exploration success in the SF, Smit and Marc-141 syncline, as well as discovery of the newly identified Lacasse and Preef Zones, has validated the revised interpretation of the geological model and has opened up multiple areas for future drilling targeting resource expansion.

Highlights from the 2018 drill results include the following:

- U18-1337: 8.52 meters averaging 6.41 g/t Au and 39.48 g/t Ag in SF Zone step-out to north

- U18-1341: 97.0 meters averaging 1.16 g/t Au including 4.50 meters averaging 5.59 g/t Au in Smit Zone down-dip step-out

- U18-1347: 85.00 meters averaging 1.57 g/t Au including 14.05 meters averaging 3.60 g/t Au in Smit Zone down-dip step-out

- U18-1348: 29.50 meters averaging 12.10 g/t Au and 3.29 g/t Ag, including 1.50 meters averaging 177.83 g/t Au and 23.03 g/t Ag in JW/Smit Zone

- U18-1361: 9.82 meters averaging 65.13 g/t Au and 313.09 g/t Ag including 1.74 meters averaging 277.06 g/t Au and 1,442.02 g/t Ag in new Lacasse Zone
- U18-1361: 69.0 meters averaging 3.76 g/t Au and 21.60 g/t Ag, including 18.50 meters averaging 9.07 g/t Au and 24.18 g/t Ag in AV Zone expansion hole

- U18-1366: New Preef Zone Discovery: 7.40 meters averaging 2.49 g/t Au and 5.46 g/t Ag in massive pyrite mineralization

- U18-1367: 6.0 meters averaging 36.43 g/t Au and 1.10 g/t Ag including 1.50 meters averaging 133.69 g/t Au and 2.45 g/t Ag in exploration hole between Marc and 141 Zones

- U18-1368: New Biggie Zone Discovery: 0.70 meters averaging 6.57 g/t Au and 32.75 g/t Ag located 250 meters east of the Marc Zone

- U18-1369: 168.50 meters averaging 0.78 g/t Au, including 1.93 meters of 9.20 g/t Au and 1.00 meters of 11.74 g/t Au in Smit Zone down-dip step-out

Full details of 2018 drill results are available in press release dated: January 22, 2019.

### *2018 Surface Mapping, Sampling and Trenching*

Also, during the 2018 field season the Company completed surface mapping, sampling and trenching in the Lost Valley target area located 4 kilometers south of the resource area. Additionally, surface sampling was completed on the Meg, Dave Trench and Cambria Zone.

Located in an area of recent glacial retreat, trenching during 2018 exposed a high-grade structure at Lost Valley and traced over 300 meters of strike through systematic panel sampling, channel sampling and trenching. Sample material is primarily quartz/pyrite colluvium, overlain by granite-dominated talus suggesting that the mineralization is deteriorating in place by weathering and glacial unloading. The shallow-dipping Money Rock zone hosts banded quartz with strong sulphide mineralization, primarily coarse pyrite, with accessory molybdenite, chalcopyrite, sphalerite and bismuthinite. The structure ranges from 0.5 to over 9.0 meters in thickness, where exposed**.** High-grade silver samples in local panels within the Money Rock structure include: 2,617, 2,059 and 846 g/t Ag.

The Lost Valley area has received extensive prospecting and sampling by the Company. Since 2014, 713 samples have been collected, including panel, channel, grab and float samples. The average of all samples is 6.05 g/t Au and 38. 67 g/t Ag, with samples ranging from trace to 165 g/t Au and trace to 2059 g/t Ag. A total of 237 samples assayed over 1.0 g/t Au, 117 over 5.0 g/t Au and 44 over 30 g/t Au.

Trenching completed during 2018 connected the high-grade Money Rock and Randell Zones which originally were interpreted to be separate structures since discovery in 2016. Gold mineralization at Lost Valley occurs within broad stockworks of gold-silver-molybdenum mineralization within an early-Tertiary granite, similar to the late-Cretaceous age Tintina Gold belt intrusive-related deposits located within Alaska and Yukon, such as Fort Knox and Eagle Gold (Dublin Gulch). The high-grade gold-silver vein-hosted mineralization that was the focus of the 2018 trenching program is similar in structure and geochemistry to the Pogo Deposit, an underground gold mine in Alaska.

The Money Rock structure occurs at the base of a cliff, which can be traced for at least another 250 meters to the west; the Randell structure can be traced for another 75 meters to the east through intermittent sampling, along the base of a separate cliff face.

In an area,1,200 meters southwest of the Marc Zone Resource, the Meg Zone returned 5.67 g/t Au and 12.64 g/t Ag in a 0.50 meter channel, 3.88 g/t Au and 56.75 g/t Ag in a 1.0 by 1.0 meter panel and 4.09 g/t Au and 140 g/t Ag in a grab sample, within an area of strong sulphide mineralization and alteration. This area has not been drill tested.

Over the past two years, a large new area of prospective rocks was exposed by the rapidly melting Cambria icefield and measures approximately 1,000 by 500 meters. Located immediately northeast of the Marc Zone and north of the initial resource at the Cambria Zone, gold mineralization has been discovered through reconnaissance mapping and sampling. Assays have been received for 54 samples to-date, averaging 1.44 g/t Au for all samples, including grab, panel and channel sampling. Mineralization is associated with pyrite mineralization, similar to the Red

Mountain resources; individual assays range from trace to 18.74 g/t Au and 193 g/t Ag. The Company is encouraged by the prospectivity of this new area of new exposure at Red Mountain.

Exposed within the access road from the Red Mountain camp to the underground portal, strong pyrite/magnetite mineralization, with intense propylitic altered Goldslide intrusive, was trenched during 2018. Results from this area included 14 channel and grab samples averaging 0.17% Cu and 0.02% Mo, with individual samples ranging up to 0.55% Cu and 0.15% Mo, along with anomalous gold and silver. Jurassic gold deposits in the Golden Triangle are commonly associated with copper and molybdenum systems.

### *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 Gitlax̱t'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 temporary suspension of the Application Review phase from the BC EAO and CEAA and it was granted the following day to allow for final resolution of outstanding technical comments and information requests. On July 13, 2018, the temporary submission was lifted. The Project was referred by the BC EAO to the Minster of Energy, Mines and Petroleum Resources and the Minister of Environment for consideration and approval on August 28, 2018. On October 5, 2018 the Company was granted an Environmental Assessment Certificate on the Project.

On September 18, 2018, the Project entered the final 30 day public consultation stage of federal environmental assess process. The Company received federal approval from the Minister of Environment and Climate on January 15, 2019.

### *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. The Company's objective is to finalize a mutually beneficial definitive agreement with the Nisga'a Lisims Government on behalf of the Nisga'a Nation in the very near term.

### *Engineering*

During fiscal year 2018, the Company continue to advance the Value Engineering phase of the Project in advance of basic engineering to optimize the potential development and production by completing the following:

- Continued third party reviews of the 2017 Feasibility Study capital and operating costs and engineering design;
- Continued to evaluate the potential to increase design throughput from 1,000 tonnes per day to 1,200 tonnes per day;
- Evaluation of alternative site infrastructure layouts;

- Optimization of the lower portal plug design;
- Opportunities to increase the tailings management facility capacity within the 2017 Feasibility Study design footprint; and
- Optimization of the underground mine design.

With the recently announced proposed acquisition of the Company by Ascot, it is the intention to advance engineering and economic studies at both the Company's Red Mountain Project and Ascot's Premier site.

***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 2018 and 2017 exploration program were cut in-half with a diamond saw, with one-half placed in sealed bags and shipped with chain of custody controls to MS Analytical Labs and ALS Labs Ltd, respectively, in Terrace BC for sample preparation, with pulps subsequently shipped to respective labs located in Vancouver, BC for gold and multi-element ICP analysis.

Surface samples for the 2018 program were collected by experienced geologists and technicians, placed in sealed bags and shipped to MS Analytical Labs in Terrace, BC for sample preparation, with pulps subsequently shipped to Langley, BC for gold and multi-element ICP analysis.

A Quality Control/Quality Assurance program including the insertion of Standards and Blanks has been implemented. The 2018 Exploration Program was performed under the supervision of Andrew Hamilton, P.Geo, Senior Geologist for IDM Mining Ltd. and Robert McLeod, P.Geo, President and CEO of IDM Mining Ltd; both are 'Qualified Persons' under NI 43-101. The 2017 Exploration Program was performed under the Robert McLeod, P.Geo, President and CEO of IDM Mining Ltd.

### TECHNICAL REPORT

A technical report, which includes the 2018 Resource Estimate, is posted on the Company's website and filed on SEDAR.

## QUALIFIED PERSON

Technical disclosure for the Company's projects included in this MD&A has been reviewed and approved by IDM's CEO and President, Robert McLeod, P. Geo. and by IDM's VP Project Development Ryan Weymark, P.Eng.. Both are 'Qualified Persons' as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").

## SELECTED ANNUAL INFORMATION

| | October 31, 2018 | October 31, 2017 | October 31, 2016 |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Revenue | - | - | - |
| Net Income/(loss) and comprehensive income/(loss) | (3,094) | (816) | (1,574) |
| Basic and diluted net income/(loss) per share | (0.01) | (0.00) | (0.01) |
| Exploration and evaluation assets | 49,705 | 42,261 | 19,955 |
| Total assets | 55,598 | 52,275 | 31,150 |
| Total long-term liabilities | 3,669 | 3,226 | - |

## SELECTED QUARTERLY INFORMATION

| | Three Month Period Ended | | | |
|---|---|---|---|---|
| | 31-Oct-18 | 31-Jul-18 | 30-Apr-18 | 31-Jan-18 |
| | $'000 | $'000 | $'000 | $'000 |
| Total Assets | 55,598 | 53,798 | 54,271 | 50,848 |
| Exploration and Evaluation Assets | 49,705 | 46,873 | 45,457 | 44,104 |
| Working Capital | 26 | 1,422 | 3,374 | 1,276 |
| Shareholders' Equity | 48,365 | 47,519 | 48,338 | 44,579 |
| Net Income/(Loss) | (1,402) | (822) | (108) | (762) |
| Net Income/(Loss) per Share | (0.01) | (0.00) | (0.00) | (0.00) |

| | Three Month Period Ended | | | |
|---|---|---|---|---|
| | 31-Oct-17 | 31-Jul-17 | 30-Apr-17 | 31-Jan-17 |
| | $'000 | $'000 | $'000 | $'000 |
| Total Assets | 52,275 | 48,418 | 50,952 | 28,834 |
| Exploration and Evaluation Assets | 42,261 | 35,201 | 26,275 | 22,735 |
| Working Capital | 3,937 | 7,414 | 17,971 | 3,391 |
| Shareholders' Equity | 45,328 | 43,202 | 45,423 | 26,522 |
| Net Income/(Loss) | (2,983) | (2,336) | 5,291 | (788) |
| Income/(Loss) per Share | (0.01) | (0.01) | 0.02 | (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 October 31, 2018**

The Company's net loss for the three months ended October 31, 2018 was $1,402,031 or $0.01 per share as compared to a net loss for the prior comparative period of $2,983,830 or $0.01 per share. The significant variances between these periods include:

- Salaries and management fees have increased to $255,177 (2017 - $239,973) due to additional employees as compared to the prior period.
- Professional fees have increased in 2018 to $138,525 (2017 - $98,563) as a result of increased activity relating to corporate activity.
- Investor relations and shareholder communications costs have decreased in 2018 to $83,466 (2017 - $130,769) as result of reduced level of activity relating to marketing.
- Share based payments decreased to $103,064 (2017 - $156,040) due to a lower number of options granted and vesting during the current period.
- Recognition of flow-through premium liability decreased to $357,000 (2017 - $750,000) due to lower qualifying expenditures incurred.
- As at the end of the current quarter reporting date, the fair value of marketable securities held by the Company declined resulting in an unrealized loss of $497,601 (2017 - $1,417,500).
- Deferred income tax expense of $402,000 (2017 - $1,500,000) was recognized as result of renunciation of tax pools in connection with the issuance of flow-through shares and is a non-cash expense.

**For the year ended October 31, 2018**

The Company's net loss for the year ended October 31, 2018 was $3,093,846 or $0.01 per share as compared to a net loss for the prior year of $816,373 or $0.00 per share. The significant variances between these periods include:

- Salaries and management fees have increased to $1,416,734 (2017 - $946,426) 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.
- Directors fees and related expenses increased to $330,712 (2017 - $116,434) primarily due to the formation of a Special Committee of the Company's board of directors.
- Investor relations and shareholder communications costs have decreased in 2018 to $274,112 (2017 - $664,415) as result of reduced level of activity relating to marketing.
- Share based payments decreased to $164,781 (2017 - $1,274,958) due to a lower number of options granted and vesting during the current period.
- Recognition of flow-through premium liability decreased to $715,199 (2017 - $3,119,453) due to lower qualifying expenditures incurred.
- In March 2017, the Company completed the sale of its Yukon properties resulting in a gain on sale of $3,444,846.
- As partial consideration for the Yukon properties, the Company received shares in a public company and has recognized unrealized loss of $182,601 (2017 – $2,055,000) as result of the change in fair value of the securities.

- Deferred income tax expense of $402,000 (2017 - $1,500,000) was recognized as result of renunciation of tax pools in connection with the issuance of flow-through shares and is a non-cash expense.

**Investing Activities**

Net cash used by the Company in investing activities for the year ended October 31, 2018 was $7,704,832 (2017 - $24,156,716). Expenditures were higher for the prior period as result of costs associated with metallurgical test work, engineering and the commencement of the feasibility study and a larger drill program on the Project.

**Financing Activities**

During the year ended October 31, 2018, the Company received proceeds of $6,246,510 (2017 - $22,083,036) from the issuance of shares as results of private placements and paid share issuance costs of $292,142 (2017 - $383,056). In addition, the Company received $253,000 of subscription proceeds with respect to the second tranche of private placement that closed in November 2018.

**Off-Balance Sheet Arrangements**

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

**Flow-through Shares**

As at October 31, 2018, the Company was required to spend approximately $2,271,000 in flow-through qualifying expenditures by December 31, 2018 (completed) and $2,140,510 by December 31, 2019. Subsequent to fiscal year end the Company raised additional $870,187 in flow through offerings with expenditures required to be incurred by December 31, 2019.

**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).

During the year ended October 31, 2018, the Company paid or accrued the following amounts as compensation to key management personnel:

a) Salaries, bonuses and management fees of $405,000 (2017 - $353,300) 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 $80,000 (2017 - $144,000) to Falkirk Resource Consultants Ltd, a company controlled by Michael McPhie, an executive director of the Company. As of March 23, 2018, Michael McPhie resigned as executive director and was appointed non-executive chairman of the Company.

c) Salaries, bonuses and management fees of $245,000 (2017 - $182,500) to Susan Neale, an officer of the Company.

d) Salaries and bonuses of $215,000 (2017 - $Nil) to Ryan Weymark, an officer of the Company. Ryan Weymark was appointed an officer on November 6, 2017.

e) Director fees of $299,000 (2017 - $104,500) to non-executive directors, including $120,000to the Special Committee.

f) Professional advisory fees of $4,987 (2017 - $6,265) to Landscape Holdings Inc, a company controlled by David Parker, a director of the Company.

g) Share based compensation expense for the year ended October 31, 2018 includes compensation to directors and officers of $80,499 (2017 - $916,834) for stock options vesting during the period.

Included in accounts payable is $381,992 (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 year ended October 31, 2018, the Company paid or accrued $17,818 (2017 - $86,493) for office and administrative expenditures.

Falkirk Resource Consultants Ltd is private company controlled by Michael McPhie, a director of the Company. During the year ended October 31, 2018, the Company paid or accrued $303,792 (2017 - $698,535) 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 and ceased to be considered related on April 30, 2018. During the period in which Catana was considered a related party, the Company paid or accrued $195,198 (2017 - $332,359) to Catana for services related to first nation consultation and public engagement, environment assessment process and permitting.

## 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 October 31, 2018, the Company had nominal working capital. 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 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.

Subsequent to year end the Company closed the second tranche of a non-brokered private placement for gross proceeds of $2,457,167. The proceeds from the first and second tranche of this private placement were primarily applied to exploration and drilling expenditures to satisfy the Company's obligation to incur qualifying flow through expenditures of $3.8 million by December 31, 2018.

In January 2019, Ascot provided the Company with a $3.35 million secured convertible bridge loan (the "Loan"). The Loan has an interest rate of CDOR plus 9.0% per annum and is convertible into common shares of the Company at $0.0857 per share. If the Definitive Agreement is terminated, the Loan will become payable within 30 days or six months of termination, depending of the circumstances. If Ascot converts the Loan into common shares of the Company, Ascot will not be entitled to vote its shares in the Company at the Company's shareholder meeting to approve the Transaction.

**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 519,687,987 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 |
|---|---|---|---|
| **Stock Options** | 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 |
| | 250,000 | 0.19 | August 26, 2021 |
| | 6,850,000 | 0.15 | February 2, 2022 |
| | 1,300,000 | 0.17 | February 9, 2022 |
| | 200,000 | 0.155 | May 1, 2022 |
| | 2,800,000 | 0.14 | October 18, 2022 |
| | 1,600,000 | 0.08 | April 27, 2023 |
| | 29,930,000 | 0.16 | |
| **Warrants** | 2,032,222 | 0.12 | April 17, 2019 |
| | 51,000 | 0.085 | October 22, 2019 |
| | 667,142 | 0.085 | November 20, 2019 |
| | 12,813,889 | 0.12 | April 17, 2020 |
| | 15,049,999 | 0.085 | October 22, 2020 |
| | 13,224,834 | 0.085 | November 20, 2020 |
| | 20,000,000 | 0.20 | July 31, 2020* |
| | 63,839,086 | 0.15 | |

***** 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*

IDM`s accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements for the year ended October 31, 2018. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results could differ from these estimates.

The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant estimates and assumptions relate to the recognition of deferred income tax amounts, impairment assessments, the provision for site reclamation, and the calculation of share-based payments. Share-based payments, as measured with respect to stock options and compensation warrants, are estimated by reference to the Black-Scholes Pricing Model; a detailed disclosure of management's estimates with respect to the pricing model is found in Note 9 of the consolidated financial statements. The Company has reviewed its exploration and evaluation assets for indications of impairment and has determined that there is no such indication in excess of what has been recorded. The recognition of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes. A detailed disclosure of management's estimates with respect to the provision for site reclamation is found in Note 8 of the audited consolidated financial statements.

The most significant judgments relate to the recoverability of capitalized amounts, recognition of deferred tax assets and liabilities, the determination of the economic viability of a project and the going concern assumption.

- Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of comprehensive income/(loss). The Company capitalizes costs related to the exploration and development of mineral properties as they are incurred once the legal rights to explore the mineral properties are acquired or obtained.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

- Provision for site reclamation

The determination of provisions for site rehabilitation and reclamation obligations arising from the Company's evaluation and exploration activities requires the use of estimates and management judgement. Assumptions, based on the current economic environments, have been made which management believes are a reasonable basis upon which to estimate the future liability as shown in Note 8 of its audited consolidated financial statements. This estimate takes into account any material changes to the assumptions that occur when regularly reviewed by management. Estimates will be reviewed annually and based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual reclamation and decommissioning costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

- Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

- Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

**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 year ended October 31, 2018:

- 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. The Company does not expect adoption of this standard to have any material impact on the consolidated financial statements.

- 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. The Company does not expect adoption of this standard to have any material impact on the consolidated financial statements.

- IFRS 16 – New financial instrument standard that replaces IAS 17 as well as some lease related interpretations. With certain exception for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use assets and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but the recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company does not expect adoption of this standard to have any material impact on the consolidated financial statements.

## RISKS AND UNCERTAINITIES

Companies in the exploration and development 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.

***Liquidity Risk if Unable to Complete the Transaction or Closing is Delayed***

Subsequent to the fiscal year end, the Company entered into a definitive arrangement agreement whereby Ascot will acquire all outstanding common shares of the Company. In addition, Ascot provided the Company with a $3.35 million secured convertible bridge loan to improve the Company's liquidity until closing of the Transaction. If the Company is unable to complete the Transaction or if the Transaction is delayed the Company will have negative working capital and will be indebted to Ascot for the amount of the bridge loan. There is no assurance that Company will be able to raise capital on acceptable terms or at all to repay the bridge loan and may have insufficient funds to continue operations. Failure to repay the bridge loan on time may result in legal proceedings against the Company, including the potential that Ascot may realize upon its security or take actions to have a receiver appointed over the Company's assets, either of which would have a material adverse effect on the Company's business, financial position and results.

*Ability to Meet Flow Through Share Obligations*

The Company's needs more capital than it currently has available to meet its flow through share obligations. The Company has to raise, by way of debt or equity financing funds to meet its flow through share obligations. There can be no assurance that sufficient funding will be available or that the terms of such financing will be favourable to the Company to incur qualifying expenditures and fulfil its obligations under the applicable flow through offerings. Failure to obtain such additional financing could result in the Company having a potential liability to the investors, interest and penalties owing. It is likely that such additional capital will be raised by through the issuance of additional equity which will result in dilution to the Company's shareholders.

***Tax Uncertainty***

The Company's interpretation of taxation law where it operates and as applied to its transactions and activities may be different than that of applicable tax authorities. As a result, tax treatment of certain transactions or expenditures may be challenged and reassessed by applicable tax authorities, which could result in adverse consequences for the Company, including not meeting its obligations under applicable flow through offerings resulting in a potential liability to those investors, penalties and interest.

***Exploration and Development***

Exploration and development of natural resources involves a high degree of risk, and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of minerals. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurances that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to obtain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration work, which may result in it losing its interest in the subject property.

***Title to Assets***

The Company holds mineral claims which constitute its property holdings. There is no guarantee that title to one or more claims at the Company's property will be not challenged or impugned. The Company may not have, or may not be able to obtain, all necessary surface rights to develop a mineral property. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained a secure claim to individual mining properties may be severely constrained. A successful claim contesting the Company's title to a property could cause it to lose its rights to explore, develop or undertake production thereon. This could also result in the Company not being compensated for its prior expenditures relating to the such property.

***Reliability of Mineral Resources Estimates***

Mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data, the nature of the mineralized body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience.

Fluctuations in gold or silver prices, results of drilling, metallurgical testing and production, the evaluation of the mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral resource estimates. Should reductions in mineral resources occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition.

***Operating Hazards and Risks***

Exploration for natural resources involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Company has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

***Fluctuating Metals Prices***

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of gold and other metals or interests related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of gold, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

***Environmental Factors***

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, director and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

***Competition***

The resource industry is intensely competitive in all its phases, and the Company competes with many other companies possessing greater financial resources and technical facilities than it has. Competition could adversely affect the Company's ability to acquire suitable properties for exploration in the future.

***Political and Economic Instability***

The Company may acquire properties located in countries where mineral exploration activities may be affected by varying degrees of political instability and haphazard changes in government regulations such as tax laws, business laws and mining laws. Any changes in regulations or shifts in political conditions would be beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price control, export controls, income taxes, and expropriation of property, environmental legislation, and mine safety.

The Company may also be affected by possible economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The effect of these factors cannot be accurately predicted.

***Government Regulation***

The Company's operations and exploration and development activities are subject to extensive federal, provincial, and local laws and regulations governing such matters as environmental protection, management and use of toxic substances and explosives, management of natural resources, health, exploration and development of mines, production and post-closure reclamation, safety and labour, mining law reform, price controls, import and export laws, taxation, maintenance of claims, tenure, government royalties and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations can be substantial, and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even of substantial fines, penalties or other civil or criminal sanctions. The Company retains competent and well trained individuals and consultants in jurisdictions in which it does business; however, even with the application of considerable skill the Company may inadvertently fail to comply with certain laws. Such events can lead to financial restatements, fines, penalties, and other material negative impacts on the Company.

***First Nations***

The Red Mountain Project lies within the traditional First Nation territory and in the Nass Area, as defined in the *Nisga'a Final Agreement* between the Nisga'a First Nation and the federal and provincial governments, which came into effect on May 11, 2000. However, there may be overlapping claims by other First Nations. Given the unsettled nature of land claims and treaty rights in British Columbia, as well as the rights of the Nisga'a under the Nisga'a Final Agreement, there can be no guarantee that there will not be delays in project approval, unexpected interruptions in project progress, requirements for First Nations consent, cancellation of permits and licenses, or additional costs to advance the Company's projects.

In order to facilitate further development, mine permitting and the commencement of mining activities, the Company may deem it necessary and prudent to obtain the cooperation and approval of the Nisga'a First Nation. Any cooperation and approval may be predicated on the Company's commitment to take measures to limit the adverse impacts on Nisga'a First Nation and ensuring that some of the economic benefits of the construction and mining activity will be enjoyed by the Nisga'a First Nation. There can be no guarantee that any of the Company's efforts to secure such cooperation or approval would be successful or that the assertion of Nisga'a First Nation rights and title, or claims or in sufficient consultation or accommodation, will not create delays in project approval or unexpected interruptions in project progress, requirements for Nisga'a First Nation consent, cancellation of permits and licenses, or result in additional costs to advance.

## CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STAEMENTS

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, completion of the proposed transaction and on the proposed terms, 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.