



**FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED JULY 31, 2016**

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 and nine month period ended July 31, 2016 (the "**third quarter 2016**") and the comparable period in 2015 (the "**third quarter 2015**"). This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements for the third quarter 2016 and the audited consolidated financial statements and accompanying notes for the years ended October 31, 2015 and 2014, 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 September 29, 2016.

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 were voluntarily delisted from the Toronto Stock Exchange (the "TSX") after close of trading on December 29, 2015 and were listed on TSX Venture Exchange (the "TSXV") on open of trading on December 30, 2015 under the symbol "IDM". On June 6, 2014, the Company changed its name from "Revolution Resources Corp." to "IDM Mining Ltd." and consolidated its issued and outstanding shares on the basis of 6 pre-consolidated shares for one post-consolidated share. All share and per share amounts in this MD&A have been adjusted to reflect the share consolidation.

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

HIGHLIGHTS AND SIGNIFICANT EVENTS

The following is a summary of highlights and significant events that occurred during the nine month period ending July 31, 2016 and up to the date of this MD&A:

- In December 2015, the Company completed a private placement with Osisko Mining Corporation (formerly Oban Mining Corporation) ("Osisko") for gross proceeds of \$1.0 million consisting of 11,111,111 common shares at a price of \$0.09 and makes the second and final pre-production option payment of \$1.0 million to Seabridge Gold.
- In December 2015, the Company completed a non-brokered private placement for gross proceeds of \$1,581,488 consisting of 9,989,800 flow-through units at \$0.11 per flow-through unit and 5,362,333 common units at \$0.09 per common unit. Each common and flow-through unit consisted of one common share and one-half warrant, with each whole warrant exercisable for a period of 24 months at \$0.14 per share. Finder's fees payable in connection with the financing consisted of \$48,485 and 552,939 finder's warrants.
- In January 2016, Mr Gernot Wober, Osisko's nominee, was appointed a director.
- In February 2016, the Company closed the remainder of the transaction with Osisko and acquired Osisko's portfolio of properties located in Yukon. As consideration, the Company issued 7,188,889 common shares and granted a 1% net smelter royalty over the Yukon properties and certain other rights. The Yukon properties consist of approximately 14,500 claims covering 11 project areas consisting of 52 claim groups totaling over 300,000 hectares.
- In February 2016, the Company received its Section 11 Order for the Red Mountain Project from the British Columbia Environmental Assessment Office (the "BC EAO"), setting out the scope, requirements, processes, and methods of the provincial environmental assessment ("EA"), as well as the public and Aboriginal consultation procedures.
- In March 2016, the Company completed an evaluation of potential alternative locations for the mill and tailing management facilities for the Project. The Company has selected a preferred location at Bromley Humps due to its lower elevation, water management perspective, no requirement for divergence of any waterways, reduced potential geohazards and the option to mill year-round would be available. Additionally this alternative location has sufficient area for the mill, stockpile and expansion potential for the tailings management facility beyond current requirements. In August 2016, the Company commenced a geotechnical site investigation at the Bromley Humps area.
- In April 2016, the Company updated its NI 43-101 compliant Resource Estimate for the Red Mountain Project, which included the results of the additional drilling completed by the Company in 2014 and a revised geologic interpretation which resulted in extensions of multiple previously defined zones as well

as the inclusion of mineral resources in two new zones. This estimate yielded a 16% increase in contained Measure & Indicated ("M&I") gold ounces and 31% increase in contained Inferred gold ounces. The Project has a resource of 1,641,800 tonnes in the M&I category averaging 8.36 grams per tonne ('g/t') gold and 26 g/t silver for 441,500 ounces of gold and 1,379,800 ounces silver with an additional 548,100 tonnes in the Inferred category, averaging 6.1 g/t gold and 9.0 g/t silver, for 107,500 ounces of gold and 153,700 ounces silver.

- In April 2016, the Company completed a brokered and non-brokered private placement for gross proceeds of \$10,848,898 consisting of 37,269,208 flow-through units at \$0.11 per flow-through unit and 74,992,059 common units at \$0.09 per common unit. Each common and flow-through unit consisted of one common share and one-half warrant, with each whole warrant exercisable for a period of 24 months at \$0.15 per share. Finder's fees payable in connection with the financing consisted of \$611,625 and 6,372,730 finder's warrants.
- In June 2016, the Company strengthened its engineering and marketing team with the appointment of Wayne Corso, P.E. as Project Manager – Engineering for the Project and the engagement of Vertex Strategies Inc. for marketing and investor relations services.
- In July 2016, the Company commenced Phase 1 of the underground resource expansion and infill drilling program of 36 planned core holes for a minimum of 5,000 meters at the Red Mountain project. A total of 28 underground core holes consisting of 2,900 meters have been completed, including the discovery of the new zone below the Marc Zone, named the NK Zone. Drill hole U16-1187 intersected a mineralized interval of massive, coarse grained pyrite veins and stockworks averaging 7.43 g/t Au and 12.51 g/t Ag over 6.0 m.
- In July 2016, the Company announced the results of an updated Preliminary Economic Assessment confirming the low capital and operating costs, robust economic potential, the near-term production profile of the Project from the previous preliminary economic assessment announced on July 4, 2014.
- In July 2016, the Company identified a new area of high-grade, intrusive-related, gold-silver molybdenum mineralization, in an area recently exposed by the retreating Cambria icefield, referred to as "Lost Valley". In August 2016, surface trenching discovered a high grade zone, named the Anda'dala'a Lo'op Zone (Nisga'a Nation language for "money rock"); 33 meter long trench averaging 18.7g/t Au and 61.4 g/t Ag over 0.84 meters. In September 2016, another strongly mineralized structure was located less than 100 m to south of and stacked above the Anda'adala'a Zone, named the Randell Zone. A hand trench was excavated, and a continuous 9.35 meters long channel sample of the subcrop averaged 22.2 g/t Au and 81.3 g/t Ag.
- In August 2016, the Company retained the services of O&M Partners to assist in targeting non-deal institutional and independent money managers throughout the United States. In addition the Company engaged the services of Alex Horsley to assist with corporate communication and investor relations services.
- In September 2016, the Company announced a \$7.5 million private placement to be sold by a syndicate of agents led by Paradigm Capital Inc. and Medalist Capital Ltd (the "Co-Lead Agents"), and including Haywood Securities Inc. and Red Cloud Klondike Strike Inc. (together with the Co-Lead Agents the "Agents"). Additionally, the Company granted the Agents an option to sell up to an additional 20% of the private placement; for aggregate proceeds of up to \$9.0 million.
- In September 2016, the Company announced that the Project will enter the 30-day public consultation period for the draft Application Information Requirement document ("dAIR") of the EA process commencing October 5, 2016.

Additional information, including the full news release, can be found on www.sedar.com and the Company's website www.idmmining.com

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 for this detailed information, which is subject to the qualifications and notes therein set forth.

PROPERTIES

Red Mountain, British Columbia

IDM has an option to earn a 100% interest in the 17,125 hectare Red Mountain Project. It is located in northwestern B.C., 15 kilometers (“km”) northeast of the town of Stewart. Discovered in 1989, the property was explored extensively until 1996 by Lac Minerals Ltd. and Royal Oak Mines Inc., with 466 diamond drill holes and over 2,000 meters (“m”) of underground development completed, along with extensive engineering and environmental baseline work. Additional studies were completed by Seabridge Gold Inc., North American Metals Corp. and Banks Island Gold Ltd.

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 gold streams. To acquire 100%, IDM issued 4,955,000 shares, paid \$2.0 million and must incur \$7.5 million in exploration and development expenditures over 3 years (\$2.5 million per year commencing June 2014 - \$8.5 million incurred to date).

IDM has the right to extend the deadline of the final \$2.5 million of exploration and development expenditures by one year upon payment of \$250,000 to Seabridge. Upon the commencement of commercial production, the Company will make an additional one-time payment of \$1.5 million to Seabridge. Seabridge will also retain 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 \$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.

On July 12, 2016, the Company reported the results of an updated Preliminary Economic Assessment (the “2016 PEA”) for the Red Mountain Gold Project. The 2016 PEA report was prepared by JDS Energy & Mining Inc., ARSENEAU Consulting Services Ltd and Knight Piesold Ltd, following the guidelines of the Canadian Securities Administrators National Instrument 43-101 and Form 43-101F1. The 2016 PEA is titled “NI43-101 Preliminary Economic Assessment Technical Report, Red Mountain Gold Project, British Columbia, Canada” and was filed on SEDAR on August 25, 2016 and can be viewed on the SEDAR website, www.sedar.com, and IDM’s website www.idmmining.com. The 2016 PEA was authored by Gord Doerksen, P.Eng., Michael Makarenko, P.Eng, Dr. Gilles Arseneau, P. Geo, Stacy Freudigmann, P. Eng and Ken Embree, P.Eng. who are independent Qualified Persons as defined under National Instrument 43-101.

The 2016 PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and that there is no certainty that the 2016 PEA will be realized.

In April 2016, the Company completed an update to the resource estimate for the Project and 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 43-101F1 report, titled “Mineral Resources Update for the Red Mountain Gold Project, Northwestern, BC, Canada”. The report was filed on SEDAR on May 6, 2016 and can be viewed on the SEDAR website, www.sedar.com, and IDM’s website www.idmmining.com.

Red Mountain Updated Preliminary Economic Assessment Results

A summary of the key results from the 2016 PEA can be summarized as follows:

- Base case economics utilize a gold price of US\$1,250 per ounce and silver price of US\$15 per ounce and an exchange rate of C\$1.00 equals US\$0.80.
- The pre-tax base case economics indicate a Net Present Value (NPV) of \$133.1 million at a 5% discount rate with an Internal Rate of Return (IRR) of 42.4% and a 1.9 year payback of initial capital.
- The after-tax base case economics indicate a NPV of \$86.6 million at a 5% discount rate with an IRR of 32.3% and a 2.0 year payback of initial capital.
- Due to the wide nature of the mineralized zones, the majority of the deposit is amenable to bulk underground longhole mining methods. The project utilizes a year round design processing rate of 1,000 tonnes per day (tpd) and underground mining rate of 1,500 tpd for 8 months per year.
- Average life of mine head grade is 7.0 g/t Au and 21.5 g/t Ag
- Life of project direct operating cost is estimated at US\$488 per ounce of gold recovered. Net of the silver by-product, costs drop to US\$446 per ounce.
- Initial capital costs are estimated at CAD\$111.2 million, which includes a 10% contingency.
- The economic model assumes base case gold recovery rates ranging from 90.1% to 88.0% for gold and 84.6% to 76.0% for silver, depending on the mineralized zone.
- Average annual payable production has increased by 25% over the 2014 PEA to 70,000 ounces of gold and 194,000 ounces of silver.
- Mine life is estimated at 5 years with a 15 to 18 month pre-production period.
- Opportunity to reduce project capital costs include sourcing used mining and processing equipment and possible sharing of infrastructure costs for the road and powerline with an established independent power producer looking to develop a run-of-river hydroelectric project adjacent to the proposed mill site location.
- Opportunity to increase potentially mineable ounces through the conversion of additional inferred resource by way of infill drilling, as recommended by JDS, and through immediately proximal exploration efforts.

Key Aspects and Assumptions of the 2016 PEA Study:

Summary of Results		
Mine Life	Years	5.0
Resource Mined	M tonnes	1.8
Waste Mined	M tonnes	0.0
Total Mined	M tonnes	1.8
Throughput Rate	Tpd	1,000
Average Au Head Grade	g/t	7.00
Average Ag Head Grade	g/t	21.45
Au Payable	k oz.	348
	k oz./yr	70
Ag Payable	k oz.	965
	k oz./yr	194

Summary Economics:

Summary Economics at US\$1,250/oz. gold, US\$15/oz. Silver		
Total LOM Pre-Tax Free Cash Flow	C\$ M	\$178.1
Average Annual Pre-Tax Free Cash Flow	C\$ M	\$35.9
LOM Income Taxes	C\$ M	\$57.7
Total LOM After-Tax Free Cash Flow	C\$ M	\$120.4
Average Annual After-Tax Free Cash Flow	C\$ M	\$24.3
Discount Rate	%	5%
Pre-Tax NPV	C\$ M	\$133.1
Pre-Tax IRR	%	42.4%
Pre-Tax Payback	Years	1.9
After-Tax NPV	C\$ M	\$86.6
After-Tax IRR	%	32.3%
After-Tax Payback	Years	2.0
	US \$*	C \$
Cash Cost (\$/oz.)	488	610
Cash Cost (\$/oz.) Net of By Product*	466	558

*Exchange rate of \$1.00 equals US\$0.80 was used

*Sensitivities**Metal Price Sensitivity:*

Au Price US\$/oz	Ag Price US\$/oz	Pre-Tax NPV5% (C\$M)	Pre-Tax IRR	Pre-Tax Payback	After-Tax NPV5% (C\$M)	After-Tax IRR	After-Tax Payback
\$1,150	\$13.80	100.6	34.1%	2.2	65.6	26.0%	2.3
\$1,250	\$15.00	133.1	42.4%	1.9	86.6	32.3%	2.0
\$1,350	\$16.20	165.6	50.4%	1.7	107.6	38.4%	1.8
\$1,450	\$17.40	198.1	58.1%	1.5	128.6	44.5%	1.7

Source: JDS (2016). Based on exchange rate of C\$1.00 equals US\$0.80

Discount Rate Sensitivity:

Discount Rate	Pre-Tax NPV C\$M	After-Tax NPV C\$M
0%	\$178.1	\$120.4
5%	\$133.1	\$86.6
7%	\$118.3	\$75.5
8%	\$111.4	\$70.4
10%	\$98.7	\$60.9
12%	\$87.3	\$52.3

Summary of Operating Costs

Operating Cost	\$/t processed	LOM (C\$M)
Mining	55.07	96.9
Processing	40.01	70.4
Site Services	4.33	7.6
G&A	9.67	17.0
Total	109.08	191.9

2016 Resource Estimate

Numerous resource estimates were completed from 1989 to present. During 2000, North American Metal Corp (“NAMC”) conducted a detailed review of all data, relogged all core within a 20 m envelope of the mineralized material within the Marc, AV and JW zones and reviewed all exploration holes for potential inclusion into the resource. An extensive quality control and quality assurance (“QA/QC”) review was completed on all exploration work and a comparative analysis was performed on drill hole data, underground bulk sampling and geology. The 2000 NAMC resource was reviewed, cross checked and verified for accuracy in May 2014 and was the basis for IDM Mining’s 2014 resource estimate. In 2016, the Company updated the resource to include the results of the additional drilling that was completed by the Company in 2014 and a revised geological interpretation which resulted in extensions of multiple previously defined zones as well as the inclusion of mineral resources in two new zones. The Company’s updated 2016 resource estimate is below:

Mineral Resource Statement for the Red Mountain Gold Project at a 3 grams per tonne (“g/t”) Cut-off Grade*

Deposit	Tonnage	In situ Gold Grade	In situ Silver Grade	In situ Contained Gold	In situ Contained Silver
	(tonnes)	g/t	g/t	(Troy ounces)	(Troy ounces)
MEASURED					
MARC	642,800	9.84	38	203,400	784,500
AV	204,500	7.91	21	52,000	136,100
INDICATED					
Marc	17,100	10.14	25	5,600	13,500
AV	505,000	7.45	21	120,900	333,500
JW	114,100	9.57	13	35,100	48,300
141	158,400	4.82	13	24,500	63,900
TOTAL MEASURED & INDICATED	1,641,800	8.36	26	441,500	1,379,800
INFERRED					
MARC	2,600	12.44	28	1,100	2,300
AV	35,100	10.18	19	11,500	21,600
JW	176,100	7.38	10	41,800	59,300
MARC FW	44,200	6.29	6	8,900	8,700
AV LOWER	44,900	5.11	6	7,400	9,100
JW LOWER	120,600	4.40	4	17,100	14,200
141	55,000	5.12	6	9,100	9,800
132	69,600	4.81	13	10,700	28,600
TOTAL INFERRED	548,100	6.10	9	107,500	153,700

*3 g/t Au is calculated as the cut-off grade for underground long hole stoping. Totals may not add due to rounding

The mineral resource estimate, effective date April 4, 2016, was prepared by Dr. Gilles Arseneau, P. Geo, and Andrew Hamilton, P. Geo, using 3D GEMS block modeling software. Resources were estimated from 480 surface and underground drill holes in 4 by 4 by 4 m blocks by ordinary kriging and anisotropic search ellipsoids designed to fit the geology. Grade estimates were based on capped 1.5 m composited 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

2016 Fiscal Activities

Permitting and Baseline Studies

The Company continued to advance the Project through the EA process and in February 2016 received a Section 11 Order for the Project from the BC EAO. The Section 11 Order outlines the scope, requirements, processes and methods of the EA, as well as the public and Aboriginal consultation procedures. Further, in January 2016, the Canadian Environmental Assessment Agency ("CEAA") issued the guidelines for an environmental assessment of the Project.

Commencing October 5, 2016, the Project will enter the 30-day public consultation period for the draft Application Information Requirement document ("dAIR) of the EA process. The public comment period is managed by BC EAO and public open houses in Stewart and Nisga'a communities will be held during the month of October.

An environmental baseline study program in support of the EA and permitting process began in the spring of 2014 and is ongoing. Baseline studies to date include: surface and groundwater quality, hydrology and hydrogeology, climate, geochemical studies, archeological assessments, geohazards assessments, fisheries and wildlife studies. Following the completion of the 2016 spring, summer and fall sampling and monitoring program, the baseline environmental studies are expected to be sufficient to meet provincial and federal guidelines, and the data will be incorporated into the provincial and federal EA and project permit applications.

Trade –Off Studies and 2016 PEA

The Company engaged JDS Mining and Energy ("JDS") to analyze and complete trade-off studies for the Project with respect to processing methods, mill and tailing management facility ("TMF") location, ore transport modality and mine portal location. As a result of this analysis and feedback received from Nisga'a Nation, as well as provincial and federal regulators, the Company selected an alternative location of the Bromley Humps versus the Red Mountain cirque to build the mill and TMF for the Project.

The Bromley Humps area is preferable due to its lower elevation, water management perspective, no requirement for divergence of any waterways, reduced potential geohazards and the option to mill year-round would be available. Additionally, this alternative location has sufficient area for the mill, stockpile and expansion potential for the tailings management facility beyond current requirements.

In July 2016, the Company announced the results of its 2016 PEA (refer to "*Red Mountain Updated Preliminary Economic Assessment Results*"). The 2016 PEA includes the alternate mill and TMF location, as well as the updated NI43-101 resource estimate and current metal prices, foreign exchange rates, capital and operating costs.

Underground Drilling Program

In July 2016, the Company commenced Phase 1 of the underground rehabilitation and resource drilling program. This program is focused on infill and step-out drilling in and around the current resource at Red Mountain, as well as to collect material for metallurgical, geotechnical and hydrological testwork. A total of 28 underground core holes consisting of approximately 2900 meters, of which results from 17 underground core holes have been announced, including the discovery of the new zone, named the NK Zone. This new zone is located underneath the Marc Zone. Drill hole U16-1187 intersecting a mineralized interval of massive, coarse grained pyrite veins and stockworks averaging 7.43 g/t Au and 12.51 g/t Ag over 6.0 m. Additionally, the Marc Zone was previously thought to be closed off to the south, however a fan of three holes, U16-1180-1182 suggest that the Zone rolls to a steep-easterly dip, and is open for expansion along strike and down dip.

Complete intercepts are as follows:

Hole-ID	Section	From (m)	To (m)	Length (m)	True Width	Au (g/t)	Ag (g/t)	Au (g/t) *uncapped	Ag (g/t)
U16-1177	1125N	31.34	52.00	20.66	20.66	6.48	33.58		
<i>including</i>		45.00	48.00	3.00	3.00	22.66	78.53		
U16-1178	1150N	30.00	31.00	1.00	1.00	23.4	81.2		
<i>including</i>		40.00	60.35	20.35	20.35	9.24	49.73	9.99	51.65
		46.00	52.25	6.25	6.25	19.45	78.38	21.9	84.62
U16-1179	1150N	47.00	50.00	3.00	3.00	7.44	12.1		
		68.00	71.00	3.00	3.00	20.99	22.51		
<i>including</i>		84.00	96.00	12.00	12.00	10.58	54.63		
		87.00	90.00	3.00	3.00	24.88	103.83		
U16-1180	1075N	42.00	55.00	13.00	13.00	3.86	26.15		
U16-1181	1075N	33.80	50.00	16.20	13.77	5.72	34.89		
<i>including</i>		41.72	50.00	8.28	7.04	9.15	45.49		
U16-1182	1075N	34.00	43.00	9.00	6.30	9.91	53.52		
		72.00	75.00	3.00	2.10	3.09	4.56		
U16-1183	1125N	39.00	40.00	1.00	0.80	8.56	6.03		
<i>And</i>		63.00	64.00	1.00	0.80	6.78	9.31		
U16-1184	1150N	70.00	71.00	1.00	0.80	4.03	1.50		
U16-1185	1150N	26.00	42.69	16.69	14.19	5.78	24.15		
<i>including</i>		37.00	42.69	5.69	4.84	10.01	39.60		
U16-1186	1125N	44.00	45.00	1.00	0.80	19.05	33.50		
U16-1187	1125N	107.00	113.00	6.00	6.00	7.43	12.51		
<i>including</i>		110.08	113.00	2.92	2.92	13.28	20.89		
U16-1188	1200N	23.00	27.50	4.50	4.50	9.40	17.30		
U16-1189	1200N	62.00	63.00	1.00	0.70	3.97	5.19		
<i>And</i>		81.00	82.00	1.00	0.70	4.17	0.21		
U16-1190	1200N	<i>No significant assays</i>							
U16-1191	1200N	24.84	30.48	5.64	5.08	5.23	39.65	8.45	60.66
U16-1192	1250N	30.48	31.30	0.82	0.82	3.33	0.83		
U16-1193	1250N	35.00	50.00	15.00	15.00	15.52	44.82	23.73	44.82
<i>including</i>		36.48	40.00	3.52	3.52	30.23	11.86	65.23	11.86

Surface Exploration

In July 2016, the Company initiated a comprehensive surface program of mapping and sampling, including targeting new areas of the 17,000 hectare property that have been recently been exposed by rapid glacial melts. As a result, the Company identified a new, extensive zone of multiphase veining and shearing, hosting high-grade, intrusive-related, gold-silver molybdenum mineralization, in an area known as the "Lost Valley" within the Project area. Surface trenching, in August 2016, discovered a high grade zone at Lost Valley, named the Anda'dala'a Lo'op Zone (Nisga'a Nation language for "money rock"); 33 meter long trench averaging 18.7g/t Au and 61.4 g/t Ag over 0.84 meters. In September 2016, a further strongly mineralized structure was located less than 100 m to south of and stacked above, the Anda'dala'a Zone, named the Randell Zone. A hand trench was excavated, and a continuous 9.35 meters long channel sample of the subcrop averaged 22.2 g/t Au and 81.3 g/t Ag.

Geotechnical Drilling – Bromley Humps

In August 2016, the Company engaged Knight Piesold Ltd, a geotechnical engineering company to conduct a geotechnical site investigation at the Bromley Humps area. A total of 10 geotechnical holes are planned; nine vertical and one inclined within the proposed embankment areas for the TMF. These HQ-diameter holes will penetrate at least 30 meters into bedrock, and hydrological and geotechnical tests will be completed. Additionally, three water quality monitoring wells will be established at the Bromley Humps location. Test pits will be excavated to test potential construction and fill material sources from within and proximal to the proposed location for the facilities, primarily from glacial moraine and river gravels.

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 the proposed 2016 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.

2015 Fiscal Year Activities:

The Company advanced the permitting of the Project by submitting a Project Description to BC EAO and the Canadian Environmental Assessment Agency (the "Agency") in August 2015. In November 2015, BC EAO and the Agency initiated the EA of the Project under Section 10(1)(c) of the British Columbia *Environmental Assessment Act*.

In addition, the Company continued to advance the environmental baselines program for the Project, as well as First Nation and stakeholder consultation by completing the following:

- surface and groundwater sampling and analysis, geo-hazard assessment, wildlife and fisheries studies and archaeological assessments;
- Socioeconomic studies, First Nation and community engagement;

No field exploration work was completed in the 2015 field season.

About Red Mountain

Red Mountain is a 14 km² hydrothermal system, within 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 gold mineralized zones occur on the Property, including three mineralized zones with established resource estimates. These mineralized zones have been folded, and are separated by dip-slip fault zones: the Marc, AV and JW zones. They are moderate to steeply dipping, roughly tabular and vary in widths from one to 40 m, averaging about 15 m in thickness. Gold and silver tellurides, and free milling mineralization is associated with stockworks, dissemination and patches of coarse grained pyrite. Alteration facies includes strong quartz-sericite alteration.

Throughout the Property, multiple high-grade areas have been identified through surface sampling and local drilling by previous explorers. Of particular significance, since the vast majority of exploration work was completed on the property during 1996 and prior, glacial retreat has been surrounding known mineralized areas has been very extensive, with up to a kilometer at the south end of the Property. Glacial retreat over the past couple of decades has resulted in discoveries of additional mineralized zones at Seabridge's KSM Project and Pretivm's Valley of the Kings Deposit.

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.

The Yukon portfolio consists of approximately 14,500 claims covering over 11 project areas consisting of 52 claim groups totaling over 300,000 hectares. The properties cover multiple tectonic and metallogenic environments as well as a variety of mineral deposit styles common in Yukon. Significant early stage exploration was previously completed, including 158,646 soil samples, airborne geophysical surveys, reconnaissance mapping and sampling, and over 10,000 meters of drilling on two of the projects. Review of this data has identified over a dozen broad soil geochemical anomalies in addition to numerous other areas of interest defined by geophysical and geological criteria. The highest priority targets are Pluto, Mahtin. Golden-Oly and PDM Property.

The Pluto Property in the Kluane region of the Yukon lies approximately 100km WSW of the town of Carmacks. The land package covers an area of 588 square km and is underlain by a series of metamorphic schists of the Yukon-Tanana terrane and the Paleocene Ruby Range granodiorites.

The Mahtin property is located approximately 50 km northwest of the town of Mayo. The area is underlain by Cretaceous plutons intruding carbonate rocks. The property is located over 50 km southwest of Victoria Gold's Eagle Deposit at Dublin Gulch, and hosts intrusive-related gold potential as well as skarn mineralization. Over 17,400 soil samples were collected over this prospective area. The property has two main targets: May-Qu and North Mahtin.

The Golden-Oly property covers an area of approximately 840 square km and is located adjacent to the North Canol road, 125km northeast of the village of Ross River. Widespread gold and arsenic anomalies in soil grids suggest that the targets may be intrusive related or sediment hosted mineralizing zones.

The PDM property covers an area of approximately 110 square km and located adjacement to the North Canol road, approximately 100km northeast of Ross River. The property was covered by a ridge and spur soil program with 1,322 samples collected.

QA/QC

IDM's exploration work at Red Mountain included a rigorous Quality Control/Quality Assurance program, overseen by Rob McLeod, P. Geo, President and CEO of IDM, a Qualified Person as defined by NI 43-101. Drill cores were logged and cut in-half using a diamond saw, with one half placed in sealed bags and shipped to Acme Analytical Labs' sample preparation facility in Smithers, BC, with pulps subsequently shipped to Acme's Lab in Vancouver, BC. 10% of all samples submitted include randomly inserted blank material or multiple quality control standards. An additional 10% of samples will be shipped to a third party analytical lab.

Additional technical information on Red Mountain including the NI43-101 Technical Report can be reviewed at www.IDMmining.com and 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

	Jul 31, 2016	Three Month Period Ended		
		Apr 30, 2016	Jan 31, 2016	Oct 31, 2015
	\$'000	\$'000	\$'000	\$'000
Total Assets	20,732	20,517	9,634	7,402
Exploration and Evaluation				
Assets	12,654	9,189	7,891	6,702
Working Capital	4,338	7,518	(730)	(1,554)
Derivative liability	-	-	-	-
Shareholders' Equity/(Deficit)	17,143	16,822	7,215	5,203
Net Income/(Loss)	(1,427)	(206)	(271)	947
Net Income/(Loss) per Share	(0.01)	0.00	0.00	0.00

	Jul 31, 2015	Three Month Period Ended		
		Apr 30, 2015	Jan 31, 2015	Oct 31, 2014
	\$'000	\$'000	\$'000	\$'000
Total Assets	7,146	6,649	7,272	7,533
Exploration and Evaluation				
Assets	6,299	6,178	6,168	5,997
Working Capital	(1,524)	(2,408)	(2,925)	(2,552)
Derivative liability	-	2,750	3,250	4,750
Shareholders' Equity/(Deficit)	4,660	1,071	50	(1,246)
Net Income/(Loss)	(1,222)	232	1,296	(6,913)
Income/(Loss) per Share	(0.02)	0.01	0.03	(0.17)

The variability in IDM's net loss over the last the eight quarters resulted primarily from the abandonment and write-off of certain mineral properties, changing levels in capital expenditures, share-based payments, finance charges, 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.

Significant financial items during previous quarters include:

During the quarter ended October 31, 2014, the Company wrote-down the carrying value of the Champion Hills properties and consequently wrote off associated capitalized costs of \$6,634,445. In addition, the Company wrote off expenditures incurred on the Mexican properties of \$172,134.

RESULTS OF OPERATIONS**For the three months ended July 31, 2016**

The net loss for the three months ending July 31, 2016 was \$1,427,177 or \$0.01 per share compared to a net loss of \$1,221,588 or \$0.02 for the prior year's comparative figure. The prior period's net loss included a realized loss on settlement of the derivative liability of \$1,385,940, partially offset by unrealized gain of \$500,000. There was no comparable amount in 2016 as the liability was settled in fiscal year 2015. During the third quarter of 2016, the Company issued 10,850,000 stock options resulting in share-based compensation of \$1,595,912. No options were issued in the third quarter of 2015.

Significant expenditures or movements include investor relations and shareholder communication of \$162,920 (2015 - \$170,406) and management fees of \$84,500 (2015 - \$37,901).

For the nine months ended July 31, 2016

The net loss for the nine months ending July 31, 2016 was \$1,904,176 or \$0.01 per share compared to a net income of \$306,965 or \$0.01 for the prior year's comparative figure. The prior period's net income included an unrealized gain on a derivative liability of \$2,500,000, partially offset by a realized loss on settlement of \$1,385,940. There was no comparable amount in 2016 as the liability was settled in fiscal year 2015. During the nine month period July 31, 2016, the Company issued 10850,000 (2015 - 1,230,000) stock options resulting in share-based compensation of \$1,595,912 (2015- \$112,257).

Significant expenditures or movements include management fees of \$293,164 (2015 - \$141,324), professional fees of \$230,875 (2015 - \$124,541), and investor relations and shareholder communication of \$209,472 (2015 - \$242,563).

The operating losses are a reflection of the Company's status as non-revenue producing mineral exploration company. As the Company has no main source of income, losses are expected to continue for the foreseeable future.

Investing Activities

Net cash used by the Company in investing activities on exploration and evaluation assets for the nine months ended July 31, 2016 was \$4,418,958 (2015 - \$1,225,279) including the \$1,000,000 paid under the Red Mountain Option Agreement. In addition, the Company acquired field equipment in the amount of \$62,236 for the upcoming drill program.

Financing Activities

During the nine months ended July 31, 2016, the Company received proceeds of \$13,596,882 (2015 - \$1,359,703) from the issuance of shares and paid share issuance costs of \$1,049,223 (2015 - \$13,300).

In addition, the Company issued 7,188,889 common shares to acquire the Yukon properties.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Related Party Transactions

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

During the nine months ended July 31, 2016, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Management fees of \$164,000 (2015 - \$92,000) to Linus Geological Ltd, a company controlled by Robert McLeod, an officer and director of the Company of which \$Nil (2015 - \$Nil) was capitalized to exploration and evaluation assets.
- b) Management fees of \$50,000 (2015 - \$45,000) to Falkirk Resource Consultants Ltd, a company controlled by Michael McPhie, an executive director of the Company.
- c) Management fees of \$77,500 (2015 - \$37,500) to Susan Neale, an officer of the Company
- d) Director fees of \$59,000 (2015 - \$13,000) to non-executive directors.
- e) Professional advisory fees of \$25,000 (2015- \$Nil) to Cairn Merchant Partners LP, a company controlled by Andrew Farncomb, a director of the Company.

Share-based compensation expense for the nine months ended July 31, 2016 includes compensation to directors and officers of \$1,238,616 (2015 - \$77,570) for stock options vesting during the period.

Included in accounts payable is \$113,445 (October 31, 2015 - \$24,435) due to directors, officers and companies controlled by directors and officers of the Company.

The Company operates from the premises of a group of public and private companies with a common director. Certain companies provide geological consulting and office and administrative services to the Company and various other public companies. Included in accounts payable and accrued liabilities is \$140,177 (October 31, 2015 - \$140,177) due to McLeod Williams Capital Corp, a related private company. During the nine month ended July 31, 2016, the Company paid or accrued \$54,771 (2015 - \$53,594) for office and administrative expenditures.

Falkirk Resource Consultants Ltd, a private company controlled by Michael McPhie, that specializes in government affairs, project permitting and environmental assessment and baseline studies provides these services to public and private companies. During the nine month period ended July 31, 2016, the Company paid or accrued \$275,761 (2015 - \$Nil) for these services relating to the environmental baseline studies, permitting and governmental affairs associated with the Red Mountain property.

Subsequent Events

- a) A total of 7,823,914 warrants have been exercised for total proceeds of \$1,159,697 and 2,304,228 warrants expired unexercised.
- b) In September 2016, the Company announced a brokered private placement offering (the "Private Placement") to sell flow-through shares ("Flow-Through Shares") at a price of \$0.21 per Flow-Through Share and common share units ("Common Share Units") at a price of \$0.17 per Common Share Unit, for aggregate gross proceeds of up to \$7.5 million.

Each Common Share Unit shall consist of one common share of the Company (a "Common Share") and one-half of one non-transferable share purchase warrant, with each such whole warrant entitling the holder to acquire one Common Share at a price of \$0.25 per Common Share for a period of twenty-four (24) months following the closing of the Private Placement. In the event that the share price on the TSX-Venture Exchange closes at or above \$0.37 for a period of 20 consecutive trading days, the Company may provide holders of the Warrants with a notice of expiry, 30 days after which the Warrants will expire.

Additionally the Company has granted the agents an option, exercisable, in whole or part, at any time up to 48 hours before the closing of the Private Placement, to sell up to an additional 20% of the Private Placement.

The Company has agreed to pay the agents a cash fee equal to 5.0% of the gross proceeds from the Private Placement. As additional compensation, the Agents will be issued compensation options entitling the agents to purchase that number of common shares equal to 5.0% of the number of securities sold under the Private Placement exercisable at \$0.25 for a period 12 months from the closing of the Private Placement.

Closing of the Private Placement is subject to approval by the TSX-Venture Exchange. A maximum of 52,941,176 Units are issuable under the Private Placement, which assumes that the maximum gross proceeds of \$9.0 million are raised through the issuance of Units only.

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 July 31, 2016, the Company had a working capital of approximately \$4.3 million. Included in the working capital is the \$1.7 million relating to amounts owing in Mexico. Of this, \$1.3 million relates to Mexican mining property taxes (holding costs) required to keep the properties in good standing. The Company has abandoned all properties in Mexico, is in the process of winding up operations in Mexico and is working with certain vendors to settle outstanding payables with respect to the Mexican operations.

The Company has no other 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.

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

OUTLOOK

The Company's current acquisition, exploration and development activities are focused on precious metals in British Columbia and Yukon, with a primary focus on the high grade underground Red Mountain project, which recently entered the BC and Canadian environmental assessment process.

The Company anticipates that the underground rehabilitation and dewatering will continue to mid to late November, in conjunction with Phase 1-Underground Drill Program. The focus of this program is on in-fill drilling and step-out drilling in and around the resource at Red Mountain as well as to collect material for metallurgical, geotechnical and hydrological testwork. The Company has also commenced a Phase II – surface and underground exploration drill program consisting of approximately 5,000 meters. Surface drilling will be completed at Lost Valley area, 141 Zone, and Brad Zone. Underground drilling will target infill and resource expansion at the Marc, AV, JW and NK Zones.

Environmental baseline studies and community engagement is ongoing. In addition, the Company is working on completing necessary engineering studies to be in position to file the Project EA application with the regulators in early 2017.

OUTSTANDING SHARE DATA

As at the date of this report, the Company had an unlimited number of common shares authorized for issuance with 228,775,578 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	45,834	2.58	February 1, 2017
	2,850,000	0.24	July 3, 2019
	150,000	0.30	October 10, 2019
	1,230,000	0.11	April 27, 2020
	2,925,000	0.10	October 28, 2020
	10,500,000	0.19	May 11, 2021
	350,000	0.23	July 19, 2021
	<u>750,000</u>	0.19	August 26, 2021
	<u>18,800,834</u>		
Warrants	311,111	0.55	October 10, 2016
	256,250	0.50	October 10, 2016
	3,121,875	0.15	July 2, 2017
	80,000	0.18	July 2, 2017
	320,000	0.15	July 20, 2017
	2,067,600	0.18	July 20, 2017
	20,000,000	0.20	July 31, 2020*
	225,000	0.15	August 13, 2017
	1,503,852	0.18	August 13, 2017
	6,596,067	0.14	December 30, 2017
	140,032	0.10	December 30, 2017
	359,444	0.10	February 1, 2017
	50,575,077	0.15	April 27, 2018
	<u>6,257,172</u>	0.15	April 27, 2017
	<u>91,813,480</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 \$0.40 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 IFRS requires the Company 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 also 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 2015 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 2015 Annual Information Form, located on SEDAR at 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.