



# **IDM MINING**

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

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

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

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

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

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

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

	July 31, 2017	October 31, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 7,008,812	\$ 9,871,063
Short-term investments	17,250	8,625
Receivables	385,216	670,867
Prepaid expenses	93,761	246,044
Marketable securities (Note 3)	3,412,500	-
	10,917,539	10,796,599
<b>Land use deposits (Note 5)</b>	1,098,400	85,400
<b>Equipment</b>	1,201,835	313,137
<b>Exploration and evaluation assets (Note 4)</b>	35,200,680	19,955,265
	\$ 48,418,454	\$ 31,150,401
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 1,687,426	\$ 3,020,843
Mexican mining taxes and other payables	832,003	832,003
Flow-through premium liability (Note 6)	984,361	73,814
	3,503,790	3,926,660
<b>Non-current</b>		
Provision for reclamation liabilities (Note 5)	1,712,429	-
<b>Total Liabilities</b>	5,216,219	3,926,660
<b>Shareholders' Equity</b>		
Share capital (Note 6)	78,982,625	66,290,507
Reserves (Note 6)	10,285,730	9,166,812
Deficit	(46,066,120)	(48,233,578)
	43,202,235	27,223,741
	\$ 48,418,454	\$ 31,150,401

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

**Subsequent events** (Note 9)

Approved and authorized by the Board on September 28, 2017:

“Robert McLeod”

Director

“Michael McPhie”

Director

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

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

(Unaudited - Expressed in Canadian Dollars)

FOR THE

	Three Months Ended July 31, 2017	Three Months Ended July 31, 2016	Nine Months Ended July 31, 2017	Nine Months Ended July 31, 2016
<b>GENERAL EXPENSES</b>				
Consulting fees	\$ 6,750	\$ 15,284	\$ 32,696	\$ 56,222
Depreciation	956	-	1,594	2,000
Director fees and expenses (Note 7)	27,000	22,000	86,934	59,000
Foreign exchange loss (gain)	2,360	84	5,221	738
Investor relations and shareholder communication	128,737	162,920	534,046	209,472
Office and miscellaneous	64,950	38,253	208,690	99,944
Professional fees	30,201	50,544	151,233	230,875
Salaries and management fees (Note 7)	187,897	84,500	706,453	293,164
Share-based payments (Note 6)	59,199	1,595,912	1,118,918	1,595,912
Transfer agent and filing fees	23,370	16,101	72,308	68,872
Travel	49,313	12,654	118,632	33,563
<b>Loss before income (expenses)</b>	<b>(580,733)</b>	<b>(1,998,252)</b>	<b>(3,036,725)</b>	<b>(2,649,762)</b>
<b>OTHER ITEMS INCOME (EXPENSES)</b>				
Interest Income	4,855	-	13,730	-
Recognition of flow-through premium liability (Note 6)	1,337,333	571,075	2,369,453	745,586
Unrealized gain/(loss) from marketable securities (Note 3)	(3,097,500)	-	(637,500)	-
Gain on sale of exploration and evaluation assets (Note 4)	-	-	3,458,499	-
<b>Income/(loss) and comprehensive income/(loss) for the period</b>	<b>(2,336,045)</b>	<b>(1,427,177)</b>	<b>\$ 2,167,457</b>	<b>\$ (1,904,176)</b>
<b>Basic and diluted income/(loss) per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares Outstanding</b>	<b>359,014,876</b>	<b>220,353,997</b>	<b>323,198,498</b>	<b>138,823,761</b>

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

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

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(loss) for the period	\$ 2,167,457	\$ (1,904,176)
Items not affecting cash:		
Depreciation	1,594	2,000
Share-based payments	1,118,918	1,595,912
Recognition of flow-through premium liability	(2,369,453)	(745,586)
Gain on sale of properties	(3,458,499)	-
Unrealized loss from marketable securities	637,500	-
Change in non-cash working capital items:		
Receivables	277,026	(234,732)
Prepays	152,283	(169,915)
Accounts payable and accrued liabilities	(191,739)	303,559
Net cash used in operating activities	(1,664,913)	(1,152,938)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(15,340,396)	(3,418,958)
Acquisition on exploration and evaluation assets	-	(1,000,000)
Disposition/(Acquisition) on exploration and evaluation assets	150,000	-
Land use deposits	(1,013,000)	(35,400)
Purchase of equipment	(966,060)	(62,236)
Net cash used in investing activities	(17,169,456)	(4,516,594)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of share capital	16,083,036	13,596,882
Share issuance costs	(110,918)	(1,049,223)
Net cash provided by financing activities	15,972,119	12,547,659
<b>Change in cash during the period</b>	(2,862,251)	6,878,127
<b>Cash, beginning of period</b>	9,871,063	508,253
<b>Cash, end of period</b>	\$ 7,008,812	\$ 7,386,380

Supplemental disclosure with respect to cash flows (Note 8)

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

**IDM MINING LTD.****CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited - Expressed in Canadian Dollars)

	<u>Share capital</u>				
	Number	Amount	Reserves	Deficit	Total
<b>Balance at October 31, 2015</b>	73,649,652	\$ 44,640,462	\$ 7,222,291	\$ (46,660,037)	\$ 5,202,716
Issued for:					
Private placement	91,465,503	8,231,895	-	-	8,231,895
Flow-through private placement	47,259,008	5,198,491	-	-	5,198,491
Property acquisition	7,188,889	647,000	-	-	647,000
Warrants exercised	1,388,612	166,496	-	-	166,496
Share issue costs	-	(1,049,223)	-	-	(1,049,223)
Share-based payments	-	-	1,595,910	-	1,595,910
Agent warrants	-	(279,383)	279,383	-	-
Flow-through premium	-	(945,180)	-	-	(945,180)
Loss for the period	-	-	-	(1,904,176)	(1,904,176)
<b>Balance at July 31, 2016</b>	220,951,664	56,610,558	9,097,584	(48,564,213)	17,143,929
Issued for:					
Private placement	37,982,588	6,457,040	-	-	6,457,040
Flow-through private placement	12,084,129	2,537,667	-	-	2,537,667
Warrants exercised	8,204,469	1,216,781	-	-	1,216,781
Debt settlement	3,750,000	637,500	-	-	637,500
Share issue costs	-	(589,022)	-	-	(589,022)
Share-based payments	-	-	(27,424)	-	(27,424)
Agent warrants	-	(96,652)	96,652	-	-
Flow-through premium	-	(483,365)	-	-	(483,365)
Loss for the period	-	-	-	330,635	330,635
<b>Balance at October 31, 2016</b>	282,972,850	66,290,507	9,166,812	(48,233,578)	27,223,742
Issued for:					
Private placement	29,400,000	4,998,000	-	-	4,998,000
Flow-through private placement	41,000,000	10,250,000	-	-	10,250,000
Warrants exercised	5,725,993	835,036	-	-	835,036
Share issue costs	-	(110,918)	-	-	(110,918)
Share-based payments	-	-	1,118,918	-	1,118,918
Flow-through premium liability	-	(3,280,000)	-	-	(3,280,000)
Income for the period	-	-	-	2,167,457	2,167,457
<b>Balance at July 31, 2017</b>	359,098,843	\$ 78,982,625	\$ 10,285,730	\$ (46,066,120)	\$ 43,202,235

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

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

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

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

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

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

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

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

## **2. BASIS OF PREPARATION**

### **Statement of Compliance**

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

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

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

### **3. MARKETABLE SECURITIES**

As at July 31, 2017, the Company holds 10,500,000 (October 31, 2016 – Nil) common shares of Strikepoint Gold Inc. (“Strikepoint”), a public company listed on the TSX Venture Exchange (*Refer to Note 4*).

The Company has been granted certain anti-dilutions rights for so long as the Company continues to hold at least 9.9% of the issued and outstanding shares of Strikepoint. The Company also has the right, but not obligated, to appoint two members of Strikepoint’s board of directors. The Company has appointed Michael McPhie to Strikepoint’s board of directors.

The Company has classified the marketable securities as fair value through profit and loss and are recorded at fair value using the quoted market price as at July 31, 2017 and are therefore classified as level 1 within the fair value hierarchy.

### **4. EXPLORATION AND EVALUATION ASSETS**

#### **Title to mineral properties**

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

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

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

Under the terms of the option agreement, the Company issued 4,955,500 common shares valued at \$1,214,098, paid \$2,000,000 and incurred \$7,500,000 in exploration and development expenditures. In May 2017, the Company exercised its option to acquire 100% and completed the acquisition of the minerals claims and certain other assets and assumed the decommissioning and restoration liability related to the Red Mountain property (Note 5).

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

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

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

In March 2017, the Company completed the sale of its Yukon portfolio of properties to StrikePoint Gold Inc. (“Strikepoint”) in exchange for consideration \$150,000 in cash and 10,500,000 common shares of StrikePoint with a deemed value of \$4,050,000. The Company recognized a gain on sale of \$3,458,499.



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

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

	July 31, 2017		
	Red Mountain	Yukon	Total
<b>Exploration costs:</b>			
Balance, beginning of period	\$ 15,886,558	\$ 34,502	\$ 15,921,060
Project administration	550,107	-	550,107
Baseline studies	692,930	-	692,930
Permitting	1,919,415	-	1,919,415
First nations and public engagement	97,467	-	97,467
Field personnel	1,822,297	-	1,822,297
Field equipment maintenance and rental	1,033,518	-	1,033,518
Camp	1,093,081	-	1,093,081
Drilling	2,346,462	-	2,346,462
Assaying	329,082	-	329,082
Fuel	256,758	-	256,758
Geotechnical	8,678	-	8,678
Helicopter	1,236,133	-	1,236,133
Hydrogeology	10,677	-	10,677
Metallurgical	618,593	-	618,593
Reports	2,143,363	-	2,143,363
Road Works	160,576	-	160,576
Site infrastructure development	165,971	-	165,971
Site Preparation	70,579	-	70,579
Pre-production royalties	-	60,000	60,000
Mining exploration tax credit	(341,199)	-	(341,199)
	<u>14,214,487</u>	<u>60,000</u>	<u>14,274,487</u>
Disposal	-	(94,502)	(94,502)
Balance, end of period	<u>30,101,046</u>	<u>-</u>	<u>30,101,046</u>
<b>Acquisition costs:</b>			
Balance, beginning of period	3,387,205	647,000	4,034,205
Acquisition/(Disposal)	<u>1,712,429</u>	<u>(647,000)</u>	<u>1,065,429</u>
Balance, end of period	<u>5,099,634</u>	<u>-</u>	<u>5,099,634</u>
<b>Balance, July 31, 2017</b>	<u>\$ 35,200,680</u>	<u>\$ -</u>	<u>\$ 35,200,680</u>

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

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

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

**5. DECOMMISSION AND RESTORATION PROVISION**

**Reclamation and land use bonds**

In relation to the Red Mountain property, the Company has \$1,098,400 (October 31, 2016 - \$85,400) of deposits with the British Columbia Ministry of Energy and Mines for land use and future decommissioning and restoration provisions.

**Decommissioning and restoration provisions**

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

	July 31, 2017	October 31, 2016
Opening balance	\$ -	\$ -
Acquisition of Red Mountain property (Note 4)	1,712,429	-
Closing balance	\$ 1,712,429	\$ -

The Company used an inflation rate of 2.0% (2016 – NA) and a discount rate of 1.9% (2016 – NA) in calculating the estimated obligation. The liability for retirement and remediation on an undiscounted basis is \$1,990,701 (October 31, 2016 – Nil).

**6. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

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

**Private placements:**

During the nine months period ended July 31, 2017, the Company:

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

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

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

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

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

- b) completed a private placement in December 2015 with Osisko for gross proceeds of \$1,000,000, consisting of 11,111,111 common shares at a price of \$0.09. Finder's fees payable in connection with the financing consisted of \$50,000 and 555,555 finders' warrants exercisable for a period of 12 months at \$0.10 per share. The finder's warrants have been recorded at a fair value of \$12,923, which is included in reserves. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.54%, expected life of 1.00 year, expected volatility rate of 75.14% and a dividend rate of 0.00%
- c) completed a brokered and non-brokered private placement in April 2016 for gross proceeds of \$10,848,898, consisting of 37,269,208 flow-through units at \$0.11 per flow-through unit and 74,992,058 common units at \$0.09 per common unit. Each common and flow-through unit consisted of one common share and one half-warrant, with each whole warrant exercisable for a period of 24 months at \$0.15 per share. Finder's fee payable in connection with the financing consisted of \$611,625 and 6,372,730 finders' warrants exercisable for a period of 12 months at \$0.15 per share. The finder's warrants have been recorded at a fair value of \$247,809, which is included in reserves. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.62%, expected life of 1.00 year, expected volatility rate of 71.68% and a dividend rate of 0.00%. The Company incurred an additional \$306,943 in other share issue costs.
- d) completed a brokered and non-brokered private placement in October 2016 for gross proceeds of \$8,994,707, consisting of 12,084,129 flow-through shares at \$0.21 per flow-through share and 37,982,589 common units at \$0.17 per common unit. Each common unit consisted of one common share and one half-warrant, with each whole warrant exercisable for a period of 24 months at \$0.25 per share. Finder's fees payable in connection with the financing consisted of a total of \$418,270 and 2,138,739 finders' warrants exercisable for a period of 12 months at \$0.25 per share. The finder's warrants have been recorded at a fair value of \$96,652, which is included in reserves. The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.54%, expected life of 1.00 year, expected volatility rate of 76.68% and a dividend rate of 0.00%. The Company incurred an additional \$171,252 in other share issue costs.

**Other share issuances:**

During the period ended October 31, 2016, the Company

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

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

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

**Flow Through Premium Liability:**

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

<b>Balance as of October 31, 2015</b>	\$ 161,759
Flow-through premium liability	1,428,545
Settlement of flow through share premium liability pursuant to qualified expenditures	<u>(1,516,490)</u>
<b>Balance as of October 31, 2016</b>	\$ 73,814
Flow-through share premium liability	3,280,000
Settlement of flow through share premium liability pursuant to qualified expenditures	<u>(2,369,453)</u>
<b>Balance as of July 31, 2017</b>	<u>\$ 984,361</u>

**Stock options and warrants:**

Stock option and warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, October 31, 2015	31,695,016	\$ 0.70	7,238,335	\$ 0.19
Granted	92,777,495	0.14	11,600,000	0.19
Exercised	(9,593,081)	0.14	-	-
Forfeited	<u>(2,883,839)</u>	<u>0.53</u>	<u>(37,501)</u>	<u>4.20</u>
Outstanding, October 31, 2016	111,995,591	0.18	18,800,834	0.19
Granted	-	-	9,000,000	0.15
Exercised	(5,725,993)	0.15	-	-
Forfeited	<u>(6,620,130)</u>	<u>0.16</u>	<u>(45,834)</u>	<u>2.58</u>
Outstanding, Jul 31, 2017	99,649,468	\$ 0.18	27,755,000	\$ 0.17
Number currently exercisable	99,649,468	\$ 0.18	26,917,500	\$ 0.17

**IDM MINING LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
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**6. SHARE CAPITAL AND RESERVES (cont'd...)**

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

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

Number	Exercise Price	Expiry Date
<b>Stock Options</b>		
2,850,000	0.24	July 3, 2019
150,000	0.30	October 10, 2019
1,230,000	0.11	April 27, 2020
2,925,000	0.10	October 27, 2020
10,500,000	0.19	May 11, 2021
350,000	0.23	July 19, 2021
750,000	0.19	August 26, 2021
7,500,000	0.15	February 2, 2022
1,300,000	0.17	February 9, 2022
200,000	0.15	May 1, 2022
<b>Warrants</b>		
1,503,852	0.18	August 13, 2017
2,138,739	0.25	October 4, 2017
6,596,067	0.14	December 31, 2017
50,419,519	0.15	April 27, 2018
18,991,291	0.25	October 4, 2018*
20,000,000	0.20	July 31, 2020

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

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

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

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

During the period ended July 31, 2017, the Company granted 9,000,000 (2016 – 10,850,000) stock options with a weighted fair value of \$0.12 (2016 – \$0.15) per option granted and vested to directors, officers and consultants. Total share-based payments for options vested recognized in the statement of income/(loss) and comprehensive income/(loss) for the period ended July 31, 2017 was \$1,118,944 (2016 – 1,595,912) pursuant to vesting incentive options. This amount was also recorded as reserves on the statement of financial position.

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

	<b>2017</b>	<b>2016</b>
Risk free interest rate	1.01%	0.61
Expected life of Option	5 years	5 years
Annualized volatility	118.27%	117.65%
Dividend rate	0.00	0
Forfeiture rate	0.00	0

**7. RELATED PARTY TRANSACTIONS**

The consolidated financial statements include the financial statements of the Company and 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 nine months period ended July 31, 2017, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Salaries and Management fees of \$535,300 (2016 - \$291,500) to officers of the Company.
- b) Director fees of \$75,000 (2016 - \$59,000) to non-executive directors of the Company and companies controlled by directors of the Company.
- c) Share based compensation expense for the period July 31, 2017 includes compensation to directors and offices of \$871,396 (2016 - \$1,238,615) for stock options vesting during the period.
- d) Advisory fees of \$6,265 (2016 – Nil) were paid to Landscape Holdings Ltd, a company controlled by David Parker, a director of the Company.
- e) Professional fees of \$Nil (2016 - \$25,000) were paid to Cairn Merchant Partners L.P. a company controlled by Andrew Farncomb, a director of the Company.

Included in accounts payable is \$223,714 (October 31, 2016 - \$147,436) due to directors and officers of the Company.

**7. RELATED PARTY TRANSACTIONS (cont'd...)**

The Company operates from the premises of a group of public and private companies with common directors. Certain companies provide office and administrative services to the Company and various other public companies. Included in accounts payable and accrued liabilities is Nil (October 31, 2016 - \$125,573) due to a related private company. During the period ended July 31, 2017, the Company paid or accrued \$69,630 (2016 - \$54,771) for office and administrative expenditures.

Falkirk Resource Consultants Ltd (“Falkirk”), is a private company, controlled by a director of the Company. During the period ended July 31, 2017, the Company paid or accrued \$534,077 (2016 - \$275,761) to Falkirk for services relating to the environmental baseline studies, permitting and government issues associated with the Red Mountain property.

Catana Consulting Ltd (“Catana”), is a private company, controlled by a close family member to a director of the Company. During the period ended July 31, 2017, the Company paid or accrued \$240,922 (2016 - \$202,757) to Catana for services related to first nations consultation and engagement, environmental assessment process and exploration permits and approvals associated with the Red Mountain property.

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

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

- a) Including in accounts payable and accrued liabilities as at July 31, 2017 were \$1,423,374 in expenditures related to exploration and evaluation expenditures.
- b) Receiving 10,500,000 common shares values of Strikepoint valued at \$4,050,000.

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

- a) Including in accounts payable and accrued liabilities as at July 31, 2016 were \$461,568 in expenditures related to exploration and evaluation expenditures.
- b) Issuing 7,481,225 agent warrants with a fair value of \$273,766 as finder’s fees in relation to the private placements.
- c) Issuing 7,188,889 common shares valued at \$647,000 and issued 359,444 finder warrants with a fair value \$5,617 in relation to the acquisition of the Yukon properties.

**9. SUBSEQUENT EVENTS**

- a) A total 1,503,852 warrants expired unexercised on August 13, 2017.
- b) In August and September 2017, the Company completed a non-brokered private placement in two tranches for gross proceeds of \$6,000,000 consisting of 38,709,676 flow-through shares at \$0.155 per flow-through share. Finder’s fee payable in connection with the financing consisted of \$233,952 and 1,470,655 finder’s warrants.