



IDM MINING

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

FOR THE PERIOD ENDED JULY 31, 2016

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

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

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

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

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

	July 31, 2016	October 31, 2015
ASSETS		
Current		
Cash	\$ 7,386,378	\$ 508,253
Short-term investments	8,625	8,625
Receivables	270,215	35,483
Prepaid expenses	<u>261,988</u>	<u>92,073</u>
	7,927,206	644,434
Land use deposits	85,400	50,000
Equipment	65,577	5,341
Exploration and evaluation assets (Note 3)	<u>12,654,084</u>	<u>6,702,072</u>
	<u>\$ 20,732,267</u>	<u>\$ 7,401,847</u>

LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)

Current		
Accounts payable and accrued liabilities	\$ 1,514,565	\$ 324,952
Mexican mining taxes and other payables	1,712,420	1,712,420
Deferred flow-through premium (Note 4)	<u>361,353</u>	<u>161,759</u>
	<u>3,588,338</u>	<u>2,199,131</u>
Shareholders' equity/(deficit)		
Share capital (Note 4)	56,610,558	44,640,462
Reserves (Note 4)	9,097,584	7,222,291
Deficit	<u>(48,564,213)</u>	<u>(46,660,037)</u>
	<u>17,143,929</u>	<u>5,202,716</u>
	<u>\$ 20,732,267</u>	<u>\$ 7,401,847</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 8)

Approved and authorized by the Board on September 29, 2016:

"Robert McLeod"

Director

"Michael McPhie"

Director

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

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

(Unaudited - Expressed in Canadian Dollars)

FOR THE

	Three Months Ended July 31, 2016	Three Months Ended July 31, 2015	Nine Months Ended July 31, 2016	Nine Months Ended July 31, 2015
GENERAL EXPENSES				
Consulting fees	\$ 15,284	\$ 4,439	\$ 56,222	\$ 13,602
Depreciation	-	570	2,000	1,709
Director fees (Note 5)	22,000	10,000	59,000	13,000
Foreign exchange loss (gain)	84	438	738	3,431
Investor relations and shareholder communication	162,920	170,406	209,472	242,563
Management fees	84,500	37,901	293,164	141,324
Office and miscellaneous	38,253	29,970	99,944	85,826
Professional fees	50,544	45,167	230,875	124,541
Stock based compensation	1,595,912	-	1,595,912	112,257
Transfer agent and filing fees	16,101	36,429	68,872	76,427
Travel and trade shows	12,654	328	33,563	7,045
Loss before other items	<u>(1,998,252)</u>	<u>(335,648)</u>	<u>(2,649,762)</u>	<u>(821,725)</u>
OTHER ITEMS				
Recognition of flow through premium (Note 4)	571,075	-	745,586	-
Unrealized gain/(loss) on derivative liability	-	500,000	-	2,500,000
Realized loss on derivative liability	-	(1,385,940)	-	(1,385,940)
Recovery on mineral properties	-	-	-	21,500
Write-down of mineral properties	-	-	-	(6,870)
Income/(loss) and comprehensive income/(loss) for the period	<u>\$ (1,427,177)</u>	<u>\$ (1,221,588)</u>	<u>\$ (1,904,176)</u>	<u>\$ 306,965</u>
Basic and diluted income/(loss) per share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding	<u>220,353,997</u>	<u>51,573,175</u>	<u>138,823,761</u>	<u>47,020,123</u>

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

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

	2016	2015
CASH FROM OPERATING ACTIVITIES		
Income/(Loss) for the period	\$ (1,904,176)	\$ 306,965
Items not affecting cash:		
Depreciation	2,000	1,709
Recognition of flow-through premium liability	(745,586)	-
Unrealized (gain)/loss on derivative liability	-	(2,500,000)
Realized loss on settlement of derivative liability	-	1,385,940
Stock based compensation	1,595,912	112,257
Write-off of exploration and evaluation assets	-	6,870
Changes in non-cash working capital items:		
Receivables	(234,732)	161,760
Prepays	(169,915)	110,149
Accounts payable and accrued liabilities	<u>303,559</u>	<u>(122,010)</u>
Net cash used in operating activities	<u>(1,152,938)</u>	<u>(536,360)</u>
CASH FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(3,418,958)	(1,225,279)
Acquisition of exploration and evaluation assets	(1,000,000)	-
Increase in land use deposits	(35,400)	-
Acquisition on equipment	<u>(62,236)</u>	<u>-</u>
Net cash used in investing activities	<u>(4,516,594)</u>	<u>(1,225,279)</u>
CASH FROM FINANCING ACTIVITIES		
Proceeds on issuance of share capital	13,596,882	1,359,703
Share issuance costs	<u>(1,049,223)</u>	<u>(13,300)</u>
Net cash provided by financing activities	<u>12,547,659</u>	<u>1,346,403</u>
Change in cash during the period	6,878,127	(415,236)
Cash, beginning of period	<u>508,253</u>	<u>1,056,481</u>
Cash, end of period	<u>\$ 7,386,378</u>	<u>\$ 641,245</u>

Supplemental disclosure with respect to cash flows (Note 7)

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

IDM MINING LTD.
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY/(DEFICIT)
(Unaudited - Expressed in Canadian Dollars)

	<u>Share capital</u>				
	Number	Amount	Reserves	Deficit	Total
Balance at October 31, 2014	44,250,701	\$ 41,492,346	\$ 5,174,557	\$ (47,913,387)	\$ (1,246,484)
Issued for:					
Private placements	7,583,750	758,375	-	-	758,375
Private placements - flow-through	4,295,200	601,328	-	-	601,328
Derivative liability settlement	7,500,000	750,000	2,885,940	-	3,635,940
Debt	4,512,301	676,845	-	-	676,845
Share issue costs	-	(13,300)	-	-	(13,300)
Share-based payments	-	-	112,257	-	112,257
Agent warrants	-	(4,094)	4,094	-	-
Flow-through premium liability	-	(171,808)	-	-	(171,808)
Income for the period	-	-	-	306,965	306,965
Balance at July 31, 2015	68,141,952	\$ 44,089,693	\$ 8,176,848	\$ (47,606,423)	\$ 4,660,118
Issued for:					
Private placements	2,500,000	250,000	-	-	250,000
Private placements - flow-through	3,007,700	421,078	-	-	421,078
Derivative liability settlement	-	-	(1,195,588)	-	(1,195,588)
Share-based payments	-	-	241,030	-	241,030
Flow-through premium liability	-	(120,308)	-	-	(120,308)
Loss for the period	-	-	-	946,386	946,386
Balance at October 31, 2015	73,649,652	\$ 44,640,462	\$ 7,222,291	\$ (46,660,037)	\$ 5,202,716
Issued for:					
Private placements	91,465,503	8,231,895	-	-	8,231,895
Private placements - flow-through	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 liability	-	(945,180)	-	-	(945,180)
Loss for the period	-	-	-	(1,904,176)	(1,904,176)
Balance at July 31, 2016	220,951,664	\$ 56,610,558	\$ 9,097,584	\$ (48,564,213)	\$ 17,143,929

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

IDM MINING LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

JULY 31, 2016

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 voluntarily 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. On June 6, 2014, the Company changed its name from “Revolution Resources Corp.” to “IDM Mining Ltd.” and now 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 has no source of recurring revenue. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms.

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, 2015.

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 understanding 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, 2015 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.

IDM MINING LTD.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JULY 31, 2016

3. EXPLORATION AND EVALUATION ASSETS**Title to mineral properties**

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

Red Mountain (B.C., Canada)

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

Under the terms of the option agreement, the Company issued 4,955,500 common shares valued at \$1,214,098, and paid \$2,000,000 in cash in two equal instalments and must incur \$7,500,000 million in exploration and development expenditures over three years (\$2,500,000 per year commencing June 4, 2014). As at July 31, 2016, the Company has incurred \$8,585,827. The Company has the right to extend the deadline for expenditure of the final \$2,500,000 by one year upon payment to Seabridge of \$250,000.

Upon the commencement of commercial production, the Company is required to make an additional one-time \$1,500,000 cash payment to Seabridge, and Seabridge will also retain a gold metal stream on the Red Mountain project 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 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 pre-production royalty of \$50,000 (Total pre-production royalty paid to date - \$950,000) 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”) its portfolio of properties located in 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 and certain other rights.

IDM MINING LTD.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JULY 31, 2016

3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	July 31, 2016		
	<u>Red Mountain</u>	<u>Yukon</u>	<u>Red Mountain</u>
Exploration costs			
Balance, beginning of period	\$ 4,314,867	\$ -	\$ 4,314,867
Project administration	265,895	-	265,895
Baseline studies	590,347	-	590,347
Permitting	380,374	-	380,374
First Nations and Public Engagement	209,275	4,215	213,490
Field equipment	483,540	-	483,540
Field personnel	548,716	20,396	569,112
Camp	385,024	-	385,024
Drilling	245,473	-	245,473
Geophysics	-	6,602	6,602
Assays	25,512	-	25,512
Fuel	67,706	-	67,706
Geotechnical	16,292	-	16,292
Helicopter	531,320	-	531,320
Hydrogeology	12,720	-	12,720
Licenses/fees	-	755	755
Mapping	-	2,083	2,083
Metallurgical	1,481	-	1,481
Reports	380,984	-	380,984
Site preparation	126,301	-	126,301
	<u>4,270,960</u>	<u>34,051</u>	<u>4,305,011</u>
Balance, end of period	<u>8,585,827</u>	<u>34,051</u>	<u>8,619,878</u>
Acquisition costs			
Balance, beginning of period	<u>2,387,206</u>	<u>-</u>	<u>2,387,206</u>
Acquisition costs	<u>1,000,000</u>	<u>647,000</u>	<u>1,647,000</u>
	<u>3,387,206</u>	<u>647,000</u>	<u>4,034,206</u>
Write-off during the period	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of period	<u>3,387,206</u>	<u>647,000</u>	<u>4,034,206</u>
Balance, July 31, 2016	<u>\$ 11,973,033</u>	<u>\$ 681,051</u>	<u>\$ 12,654,084</u>

IDM MINING LTD.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JULY 31, 2016

3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	October 31, 2015		
	<u>Red Mountain</u>	<u>Champion Hills</u>	<u>Total</u>
Exploration costs			
Balance, beginning of year	\$ 3,609,724	\$ -	\$ 3,609,724
Assay	3,523	-	3,523
Camp and road access	28,698	-	28,698
Field work and personnel	22,445	-	22,445
Geological consulting	91,929	-	91,929
Metallurgical	27,630	-	27,630
Helicopter	83,069	-	83,069
Lease payments and permitting	443,909	-	443,909
Project administration and report preparation	1,250	-	1,250
Travel and transportation	2,690	-	2,690
	<u>705,143</u>	<u>-</u>	<u>705,143</u>
Balance, end of year	<u>4,314,867</u>	<u>-</u>	<u>4,314,867</u>
Acquisition costs			
Balance, beginning of year	<u>2,387,205</u>	<u>1</u>	<u>2,387,206</u>
Acquisition costs	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,387,205</u>	<u>1</u>	<u>2,387,206</u>
Write-off during the year	<u>-</u>	<u>1</u>	<u>1</u>
Balance, end of year	<u>2,387,205</u>	<u>-</u>	<u>2,387,205</u>
Balance, October 31, 2015	<u>\$ 6,702,072</u>	<u>\$ -</u>	<u>\$ 6,702,072</u>

4. SHARE CAPITAL AND RESERVES

Authorized share capital

As at July 31, 2016, 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 month period ended July 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 a total 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 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 years, expected volatility rate of 76.08% and a dividend rate of 0.00%
- 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 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 years, 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 74,992,059 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 a total 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 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 years, expected volatility rate of 71.68% and a dividend rate of 0.00%, The Company incurred and additional \$306,943 in other share issue costs.

During the year ended October 31, 2015 the Company:

- a) completed a non-brokered private for gross proceeds of \$2,030,781, consisting of 7,302,900 flow-through units at \$0.14 per flow-through unit and 10,083,750 common units at \$0.10 per common unit. Each flow-through unit consisted of one common share and one half-warrant, with each whole warrant exercisable for a period of 24 months at \$0.18 per share. Each common unit consisted of one common share and one half-warrant exercisable for a period of 24 months at \$0.15 per share. Finder's fees payable in connection with the financing consisted of a total of \$13,300 and 130,200 finder's warrants. The finder's warrants have been recorded at a fair value of \$4,094, 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 0.48%, expected life of 1.00 years, expected volatility rate of 99.24% and a dividend rate of 0.00%.

4. SHARE CAPITAL AND RESERVES (cont'd...)

Other share issuance

During the period ended January 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 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 years, expected volatility rate of 68.92% and a dividend rate of 0.00%

During the year ended October 31, 2015 the Company:

- a) Issued 7,500,000 common shares and 20,000,000 warrants to Lake Shore pursuant to the amended purchase and sale agreement (Refer to Note 7) valued at \$2,440,352. Each warrant is exercisable for a period of 60 months at \$0.20 per share. The warrants are subject to an acceleration provision if the Company's share trade at or above \$0.40 per share for 20 consecutive trading days. The common shares were valued at \$750,000 and the warrants have been recorded at a fair value of \$1,690,352, 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 0.52%, expected life of 5.00 years, expected volatility rate of 120.90% and a dividend rate of 0.00%.
- b) Issued 4,512,301 commons shares for debt relating to services provided on the Red Mountain project, valued at \$676,845.

Flow Through Premium

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

Balance as of October 31, 2014	\$ -
Flow-through share premium liability	292,116
Settlement of flow through share premium	
Liability pursuant to qualified expenditures	<u>(130,357)</u>
Balance as of October 31, 2015	\$ 161,759
Flow-through share premium liability	945,180
Settlement of flow through share premium	
Liability pursuant to qualified expenditures	<u>(745,586)</u>
Balance as of July 31, 2016	<u>\$361,353</u>

IDM MINING LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
JULY 31, 2016

4. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, October 31, 2014	11,672,944	\$ 0.70	3,629,170	\$ 0.54
Granted	28,823,527	0.19	4,155,000	0.10
Forfeited	(8,801,355)	0.75	(545,835)	1.76
Outstanding, October 31, 2015	31,695,117	0.22	7,238,335	0.20
Granted	71,647,364	0.15	10,850,000	0.19
Exercised	(1,388,612)	0.12	-	-
Forfeited	(12,250)	0.18	(37,501)	4.20
Outstanding, July 31, 2016	101,941,619	\$ 0.17	18,050,834	\$ 0.19
Number currently exercisable	101,941,619	\$ 0.17	18,050,834	\$ 0.19

IDM MINING LTD.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JULY 31, 2016

4. SHARE CAPITAL AND RESERVES (cont'd...)**Stock options and warrants outstanding (cont'd...)**

The following incentive stock options and warrants were outstanding at April 30, 2016:

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
Warrants		
1,565,978	0.55	September 19, 2016
738,250	0.50	September 19, 2016
311,111	0.55	October 10, 2016
256,250	0.50	October 10, 2016
3,171,875	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*
1,250,000	0.15	August 13, 2017
1,503,852	0.18	August 13, 2017
23,555	0.10	December 16, 2016
7,596,067	0.14	December 30, 2017
194,277	0.10	December 30, 2016
359,444	0.10	February 1, 2017
56,130,630	0.15	April 27, 2018
6,372,730	0.15	April 27, 2017

*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.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JULY 31, 2016

4. 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 nine months ended July 31, 2016 the Company granted 10,850,000 (2015 – 1,230,000) stock options, with a fair value \$1,595,912 (2015 – 112,257). All options vest immediately.

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

	2016	2015
Risk free interest rate	0.61%	0.87%
Expected life of Option	5 years	5 years
Annualized volatility	117.65%	121.51%
Dividend rate	0.00	0.00
Forfeiture rate	0.00	0.00

5. RELATED PARTY TRANSACTIONS

The 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, (Mexico).

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

- Management fees of \$291,000 (2015 - \$157,500) to officers of the Company.
- Director fees of \$59,000 (2015 - \$13,000) to non-executive directors of the Company and a company controlled by a director of the Company.
- Professional advisory fees of \$25,000 (2015- \$Nil) to a company controlled by a director of the Company

Share based compensation expense for the nine months ended July 31, 2016 includes compensation to directors and officers of \$1,238,615 (2015 - \$77,576) for stock options vesting during the period.

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

The Company operates from the premises of a group of public and private companies with common directors. 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 a related private company. During the period ended July 31, 2016, the Company paid or accrued \$54,771 (2015 - \$53,594) for office and administrative expenditures.

IDM MINING LTD.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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JULY 31, 2016

5. RELATED PARTY TRANSACTIONS (cont'd...)

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

6. COMMITMENTS

In February 2016, the Company acquired from Osisko its portfolio of properties located in Yukon. As consideration, the Company issued common shares and granted a 1% net smelter royalty over the Yukon properties and certain other rights. Pursuant to the agreement, Osisko has been granted the following rights for as long as Osisko holds at least 10% of the issued shares of the Company, on a non-diluted basis: Osisko will (i) be entitled to nominate one director to be put forward on the management slate of directors at any meeting of the Company's shareholders, (ii) have the right to participate in future equity financings by the Company on a pro-rata basis, and (iii) have a 30 day right of first refusal over any sale of a royalty, royalty buy-back, stream, forward, off-take, gold loan or other agreement involving the sale of a similar interest in products that the Company proposes to enter into from time to time, subject to certain exceptions.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

- a) Included in accounts payable and accrued liabilities as at July 31, 2016 were \$886,054 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 issuing 359,444 finder warrants with a fair value \$5,617 in relation to the acquisition of the Yukon properties.

Significant non-cash transactions for the period ended July 31, 2015, include the Company:

- a) Included in accounts payable and accrued liabilities as at July 31, 2015 were \$1,593,391 in expenditures related to exploration and evaluation expenditures.
- b) Issuing 4,512,301 common shares with a fair value of \$676,845 in settlement of debt.
- c) Issuing 130,200 finder's warrants with a fair value of \$4,094 in relation to the non-brokered private placement.
- d) Issuing 7,500,000 common shares and 20,000,000 warrants with a fair value of \$3,635,940 in settlement of the derivative liability.

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8. SUBSEQUENT EVENT

- a) A total of 7,823,914 warrants were 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.