



**FORM 51-102F1  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED APRIL 30, 2018**

**INTRODUCTION**

This Management's discussion and analysis ("**MD&A**") reviews the significant activities of IDM Mining Ltd. ("**IDM**" or the "**Company**") and its subsidiaries and compares the financial results for the three and six month period ended April 30, 2018 (the "**second quarter 2018**") and the comparable period in 2017 (the "**second quarter 2017**"). This MD&A should be read in conjunction with the unaudited consolidated financial statements for the second quarter 2018 and the audited consolidated financial statements and accompanying notes for the years ended October 31, 2017 and 2016, and MD&A's for all relevant periods, which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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

The effective date of this MD&A is June 27, 2018.

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

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

## **DESCRIPTION OF BUSINESS**

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

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

## **HIGHLIGHTS**

### **For the Six Months Ended April 30, 2018**

- In November 2017, the Company's Application and Environmental Impact Statement ("Application/EIS") for an environment assessment certificate for the Project entered into the formal 180-day Application Review phase of the environment assessment.
- In February 2018, the Company announced a revised interpretation of its geological model that suggests expanded exploration potential at Red Mountain.
- In February 2018, Ms. Vanessa Pickering was appointed Manager Corporate Communications and Development.
- During the period, the Company continued to advance the value engineering phase of predevelopment for the Project. The work has primarily focused on enhancing economics, quantifying and de-risking the Project and defining scope through the completion of additional engineering and various trade-off studies.
- On March 12, 2018, the Company requested a temporary suspension of the Application Review period from the BC Environmental Assessment Agency ("BC EAO") and the Canadian Environmental Assessment Agency ("CEAA") to allow for final resolution of outstanding technical comments and information requests. On March 13, 2018, EAO granted the temporary suspension and the Application Review period will resume once the final issues have been resolved.
- On April 17, 2018, the Company closed a non-brokered private placement financing (the "Offering") comprised of 22,505,556 flow-through units ("Flow-Through Units") at a price of \$0.09 per Flow-Through Unit and 28,750,000 non-flow-through units ("Common Units") at a price of \$0.08 per Common Unit, for aggregate gross proceeds of \$4.325 million. Each common and flow-through unit consisted of one common share and one-quarter warrant, with each whole warrant exercisable for a period of 24 months at \$0.12 per share. Finder's fees payable in connection with the financing consisted of \$257,100 and 2,032,222 non-transferrable finder warrants. Each finder warrant entitles the holder to purchase one common share at \$0.12 per share for a period of 12 months.
- In April 2018, the Company granted 1,700,000 stock options to an officer and newly appointed investor relations, technical and administrative employees of the Company.

### **Subsequent Events**

- In June 2018, the Company and Sunvest Minerals ("Sunvest") signed a Letter of Intent whereby the Company would provide Sunvest with technical and geological consultation work, as well as logistical and community guidance for their Clone Gold Property, which is located south of IDM's Red Mountain Property.

- On June 19, 2018, the Company announced an update to its mineral resource estimate for the Red Mountain Project to include the results from the additional drilling completed in 2017 and the revised interpolation of the geological model (the “**2018 Resource Estimate**”). The 2018 Resource Estimate yielded a 21% increase in contained Measured & Indicated (“**M&I**”) gold ounces (“**oz**”) or 120,900 oz to 704,600 as compared to the prior resource estimate, at an average grade of 7.91 grams per tonne (“**g/t**”), a slight decline of 10%. The 2018 Resource Estimate has a resource of 2,771,300 tonnes in the M&I category averaging 7.91 g/t gold and 22.75 g/t silver for 704,600 oz of gold and 2,026,800 oz of silver with an additional 316,000 tonnes in the Inferred category, averaging 6.04 g/t gold and 7.60 g/t silver, for 61,400 oz of gold and 77,200 oz of silver.

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

## **OUTLOOK**

Subsequent to quarter end, the Company commenced its 2018 field season and access to the underground has been opened, as well as surface mapping, sampling, trenching at the Lost Valley target area, located 4 kilometers south of the resource area.

The geological interpretation that was completed subsequent to the 2017 drilling program, which included step-out holes on 25 meter spacings on all of the major zones, noted that high amplitude folding deformed a brecciated contact zone. Future drilling will target expansion to gold mineralization along the brecciated horizon, in high priority areas; such as between the Marc and 141 Zones, north and west of the Smit Zone and east of the SF Zone. Conversion of inferred resources announced subsequent to quarter end in the mineral resource estimate would also be targeted. A NI43-101 technical report for the resource update will be filed in the 3<sup>rd</sup> quarter of 2018 calendar year.

The Company anticipates that the formal 180-day Application Review phase of the EA process will be completed during the third quarter of calendar year 2018. Provincial and federal approval is expected to follow thereafter.

The Company is planning to update the previous feasibility study that was prepared in 2017 for the Project (the “**2017 Feasibility Study**”), incorporating the additional M&I resources from the 2018 mineral resource estimate along with the multiple potential operating and capital efficiencies identified during the “Value Engineering Phase” for the Project. The updated feasibility study is expected to be completed in the fourth quarter of calendar year 2018.

## **RESOURCES**

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

## **PROPERTIES**

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

#### ***Overview***

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

Pursuant to the option agreement, the Company is required to make an additional one-time payment of \$1.5 million upon the commencement of commercial production to Seabridge and Seabridge retained a gold metal stream on the Red Mountain Project, allowing Seabridge to acquire 10% of the annual gold production from the property at a cost of US\$1,000 per ounce up to a maximum of 500,000 ounces produced (50,000 to Seabridge). Alternatively, Seabridge may elect to receive a one-time cash payment of \$4.0 million at the commencement of production in exchange for the buy-back of the gold metal stream.

The Red Mountain property consists of 47 contiguous mineral claims totalling 17,125 hectares located in northwestern BC, 15 km northeast of the town of Stewart. The Marc zone was discovered in 1989; work by previous operators includes 469 diamond drill holes and over 2,000 meters of underground development.

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

#### ***Updated Mineral Resource Estimate Announced***

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

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

- 39.2% increase in measured gold oz or 147,600 oz of gold and measured tonnes increased by 581,900 or 46.7%, maintaining a grade of 8.92 g/t gold and 28.30 g/t silver;
- 20.7% increase in M&I gold oz or 120,900 oz of gold to 740,900 oz of gold plus 2,026,800 oz of silver at an average grade of 7.91 g/t gold and 22.75 g/t silver;
- M&I tonnes increased by 33.6% or 696,900 tonnes to 2,771,300 tonnes;
- Inferred resources of 61,400 oz of gold averaging 6.04 g/t gold, a slight decrease in ounces of 5.2% primarily due to the conversion to the M&I category. A vast majority of the inferred resource in the Marc, AV and JW were converted to M&I category.
- Initial resources reported for Smit, SF, Bray, Chicka and Cambria Zones

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

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

SF	54,600	6.88	17.55	12,100	30,800
Bray	73,800	4.66	7.49	11,100	17,800
Chicka	600	5.30	1.57	100	-
Cambria	84,000	6.89	4.54	18,600	12,300
<b>TOTAL INFERRED</b>	<b>316,000</b>	<b>6.04</b>	<b>7.50</b>	<b>61,400</b>	<b>77,200</b>

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

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

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

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

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

OK = ordinary kriging; ID2 = inverse distance squared

## Sensitivity

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

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

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

### ***2017 Surface and Underground Drill Program***

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

Highlights from the 2017 drill results include the following:

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

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

### ***Permitting***

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

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

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

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

The Company continues to fully consult with the Nisga'a Nation ("Nisga'a"), who holds Treaty rights in the Project area, regarding proposed field activities and during the permitting process. The Company is committed to engaging with Nisga'a and supporting Nisga'a full participation in the environmental and regulatory reviews of the Project, as well as in the employment and business opportunities related to the Project and the ongoing work programs. The Company's objective is to finalize a mutually beneficial definitive agreement with the Nisga'a Lisims Government on behalf of the Nisga'a Nation during the third quarter of calendar year 2018.



## ***Engineering***

During the current period, the Company continue to advance the Value Engineering phase in advance of basic engineering to optimize the potential development and production by completing the following:

- Continued third party reviews of the 2017 Feasibility Study capital and operating costs and engineering design;
- Continued to evaluate the potential to increase design throughput from 1,000 tonnes per day to 1,200 tonnes per day;
- Evaluation of alternative site infrastructure layouts;
- Optimization of the lower portal plug design;
- Opportunities to increase the tailings management facility capacity within the 2017 Feasibility Study design footprint; and
- Optimization of the underground mine design.

The Company intends to update the previous feasibility study, incorporating the additional M&I resources in the mine plan from the mineral resource estimate announced in June 2018, as well as the multiple potential operating and capital efficiencies that have been identified during the Value Engineering phase. The Company expects to announce the results of an updated feasibility in the fourth quarter of 2018 calendar year.

## ***YUKON PROPERTIES***

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

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

## **QA/QC**

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

## **TECHNICAL REPORT**

A technical report, which will include the 2018 Resource Estimate, will be posted on the Company's website and filed on SEDAR by August 3, 2018.

## **QUALIFIED PERSON**

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

Dr. Gilles Arseneau, P. Geo, a 'Qualified Person' for the purpose of NI 43-101 of the Canadian securities administrators has approved the disclosure of, and is the qualified person responsible for, the scientific and technical information in this MD&A inclusive of the resource estimate information. He has verified the data disclosed.

**SELECTED QUARTERLY INFORMATION**

	Three Month Period Ended			
	30-Apr-18	31-Jan-18	31-Oct-17	31-Jul-17
	\$'000	\$'000	\$'000	\$'000
Total Assets	54,271	50,848	52,275	48,418
Exploration and Evaluation				
Assets	45,457	44,104	42,261	35,201
Working Capital	3,374	1,276	3,937	7,414
Shareholders' Equity	48,338	44,579	45,328	43,202
Net Income/(Loss)	(108)	(762)	(2,983)	(2,336)
Net Income/(Loss) per Share	(0.00)	(0.00)	(0.01)	(0.01)

	Three Month Period Ended			
	30-Apr-17	31-Jan-17	31-Oct-16	31-Jul-16
	\$'000	\$'000	\$'000	\$'000
Total Assets	50,952	28,834	31,150	20,732
Exploration and Evaluation				
Assets	26,275	22,735	19,955	12,654
Working Capital	17,971	3,391	6,870	4,338
Shareholders' Equity	45,423	26,522	27,224	17,143
Net Income/(Loss)	5,291	(788)	330	(1,427)
Income/(Loss) per Share	0.02	(0.00)	0.00	(0.01)

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

**RESULTS OF OPERATIONS****For the three months ended April 30, 2018**

The Company's net loss for the three months ended April 30, 2018 was \$108,140 or \$0.00 per share as compared to a net income for the prior comparative period of \$5,291,379 or \$0.02 per share. The significant variances between these periods include:

- Salaries and management fees have increased to \$328,375 (2017 - \$186,918) due to additional employees as compared to the prior period and salary increases granted to key officers in line with salaries paid to similarly sized mineral exploration companies in Canada.
- Professional fees have increased in 2018 to \$147,707 (2017 - \$5,714) as a result of increased activity relating to corporate activity.
- Investor relations and shareholder communications costs have decreased in 2018 to \$30,273 (2017 - \$164,961) as result of reduced level of activity relating to marketing.

- Share based payments decreased to \$46,370 (2017 - \$1,021,288) due to a lower number of options granted and vesting during the current period.
- Recognition of flow-through premium liability decreased to \$84,801 (2017 - \$958,306) due to lower qualifying expenditures incurred.
- In March 2017, the Company completed the sale of its Yukon properties resulting in a gain on sale of \$3,458,499.
- As partial consideration for the Yukon properties, the Company received shares in a public company and has recognized unrealized of \$420,000 (2017 - \$2,460,000) as result of the change in fair value of the securities during the current period.

### **For the six months ended April 30, 2018**

The Company's net loss for the six months ended April 30, 2018 was \$869,802 or \$0.00 per share as compared to a net income for the prior comparative period of \$4,503,502 or \$0.01 per share. The significant variances between these periods include:

- Salaries and management fees have increased to \$912,223 (2017 - \$518,556) due to additional employees as compare to prior period and salary increases granted to key officers in line with salaries paid to similarly sized mineral exploration companies in Canada.
- Investor relations and shareholder communications costs have decreased in 2018 to \$134,671 (2017 - \$405,309) as result of reduced level of activity relating to marketing.
- Share based payments decreased to \$59,167 (2017 - \$1,059,719) due to a lower number of options granted and vesting during the current period.
- Recognition of flow-through premium liability decreased to \$156,199 (2017 - \$1,032,120) due to lower qualifying expenditures incurred.
- In March 2017, the Company completed the sale of its Yukon properties resulting in a gain on sale of \$3,458,499.
- As partial consideration for the Yukon properties, the Company received shares in a public company and has recognized unrealized of \$525,000 (2017 - \$2,460,000) as result of the change in fair value of the securities during the six month period.

### **Investing Activities**

Net cash used by the Company in investing activities for the six months ended April 30, 2018 was \$4,369,868 (2017 - \$8,096,567). Expenditures were higher for the prior period as result of a larger portion of expenditures were paid subsequent to year end, costs associated with metallurgical test work, engineering and the commencement of the feasibility study and increased activity.

## Financing Activities

During the six months ended April 30, 2018, the Company received proceeds of \$4,325,500 (2017 - \$16,026,786) from the issuance of shares as results of private placements and paid share issuance costs of \$279,478 (2017 - \$110,918).

## Off-Balance Sheet Arrangements

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

## Related Party Transactions

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

During the six month period ended April 30, 2018, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Salaries, bonuses and management fees of \$267,500 (2017 - \$224,300) to either Rob McLeod or Linus Geological Ltd, a company controlled by Robert McLeod, an officer and director of the Company.
- b) Management fees and bonuses of \$80,000 (2017 - \$114,000) to Falkirk Resource Consultants Ltd, a company controlled by Michael McPhie, an executive director of the Company. As of March 23, 2018, Michael McPhie resigned as executive director and was appointed non-executive chairman of the Company.
- c) Salaries, bonuses and management fees of \$155,000 (2017 - \$87,500) to Susan Neale, an officer of the Company.
- d) Salaries of \$95,000 (2017 - \$Nil) to Ryan Weymark, an officer of the Company.
- e) Director fees of \$187,000 (2017 - \$48,000) to non-executive directors.
- f) Professional advisory fees of \$4,987 (2017 - \$Nil) to Landscape Holdings Inc, a company controlled by David Parker, a director of the Company.
- g) Share based compensation expense for the period April 30, 2018 includes compensation to directors and officers of \$10,624 (2017 - \$846,960) for stock options vesting during the period.

Included in accounts payable is \$418,350 (Oct 31, 2017 - \$130,260) due to directors, officers and companies controlled by directors and officers of the Company.

The Company formerly operated from the premises leased by a private company with a common director. The private company provided office space and administrative services to the Company. During the six month period ended April 30, 2018, the Company paid or accrued \$17,818 (2017 - \$46,045) for office and administrative expenditures.

Falkirk Resource Consultants Ltd is private company controlled by Michael McPhie, a director of the Company. During the period ended April 30, 2018, the Company paid or accrued \$206,704 (2017 - \$338,145) to Falkirk for services relating to the environmental baseline studies, permitting and government issues associated with the Red Mountain property.

Catana Consulting Ltd ("Catana") is a private company, controlled by a former close family member to the CEO and President of the Company. During the period ended April 30, 2018, the Company paid or accrued \$189,030 (2017 - \$169,791) to Catana for services related to first nation consultation and public engagement, environment assessment process and permitting.

## **LIQUIDITY AND CAPITAL RESOURCES**

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

### **Cash and Financial Condition**

As at April 30, 2018, the Company had a working capital of approximately \$3.4 million. Included in the working capital is the \$0.8 million relating to amounts owing in Mexico for the mining property taxes (holding costs) required to keep the properties in good standing. The Company has abandoned all properties in Mexico and is in the process of winding up operations in Mexico.

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

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

### **Financial Instruments**

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

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

## **OUTSTANDING SHARE DATA**

As at the date of this report, the Company had an unlimited number of common shares authorized for issuance with 449,064,075 common shares issued and outstanding.

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

	Number	Exercise price	Expiry date
<b>Stock Options</b>	2,825,000	0.24	July 3, 2019
	150,000	0.30	October 10, 2019
	1,080,000	0.11	April 27, 2020
	2,825,000	0.10	October 27, 2020
	10,050,000	0.19	May 11, 2021
	350,000	0.23	July 19, 2021
	250,000	0.19	August 26, 2021
	7,150,000	0.15	February 2, 2022
	1,300,000	0.17	February 9, 2022
	200,000	0.155	May 1, 2022
	3,000,000	0.14	October 18, 2022
	1,700,000	<u>0.08</u>	April 27, 2023
	<u>30,880,000</u>	<u>0.16</u>	
<b>Warrants</b>	1,277,005	0.23	August 21, 2018
	193,650	0.23	September 13, 2018
	18,991,291	0.25	October 4, 2018*
	2,032,222	0.12	April 17, 2019
	12,813,889	0.12	April 17, 2020
	20,000,000	<u>0.20</u>	July 31, 2020**
	<u>55,308,057</u>	<u>0.18</u>	

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

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

## **CRITICAL ACCOUNTING ESTIMATES**

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

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

## **RISKS AND UNCERTAINTIES**

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

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

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

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

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

Forward-looking information contained here is based on material factors and assumptions and is subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially from a conclusion, forecast or projection in the forward-looking information. These include, without limitation, material factors and assumptions relating to, and risks and uncertainties associated with, the availability of financing for activities when required and on acceptable terms, the accuracy of the interpretation of drill results and the estimation of mineral resources and reserves, the geology, grade and continuity of mineral deposits, the consistency of future exploration, development or mining results with our expectations, metal price fluctuations, the achievement and maintenance of planned production rates, the accuracy of component costs of capital and operating cost estimates, current and future environmental and regulatory requirements, favourable governmental relations, the availability of permits and the timeliness of the permitting process, the availability of shipping services, the availability of specialized vehicles and similar equipment, costs of remediation and mitigation, maintenance of title to mineral properties, industrial accidents, equipment breakdowns, contractor's costs, remote site transportation costs, materials costs for remediation, labour disputes, the potential for delays in exploration or development activities, timely completion of future mineral reserve or resource estimates, timely completion of scoping or feasibility studies, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, continuing global demand for base metals, expectations and beliefs of management and other risks and uncertainties as discussed in our MD&A. Although IDM has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from any conclusions, forecasts or projections described in the forward-looking

information. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, we undertake no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.