# IDM MINING'S RED MOUNTAIN PRELIMINARY ECONOMIC ASSESSMENT DEMONSTRATES ROBUST ECONOMICS

**July 23, 2014, Vancouver, BC** – IDM Mining Ltd. (TSX:IDM) ("IDM" or the "Company") is pleased to announce the results of a Preliminary Economic Assessment ("PEA") for the Red Mountain Gold Project ("Red Mountain" or the "Project" or "Property"), located in northwestern British Columbia near the town of Stewart, B.C. The PEA report is authored by JDS Energy and Mining Ltd. ("JDS") with input from a number of other specialized and experienced consulting and advisory firms in the areas of infrastructure development, metallurgy, environmental science and geology.

The PEA outlines the anticipated low capital and operating costs, robust economic potential and near-term production profile of the Red Mountain underground gold project. Highlights of the PEA base case analysis are as follows (all amounts are in Canadian dollars unless otherwise indicated):

- **Base case economics utilize a US$1,250 per ounce gold price and US$20 per ounce silver price.**
- **The pre-tax base case economics indicate a Net Present Value (NPV) of $90 million at a 5% discount rate with an Internal Rate of Return (IRR) of 43.3% and a 1.3 year payback of initial capital.**
- **The after-tax base case economics indicate a Net Present Value (NPV) of $58 million at a 5% discount rate with an Internal Rate of Return (IRR) of 32.8% and a 1.5 year payback of initial capital.**
- **Due to the wide nature of the mineralized zones, the majority of the deposit is amenable to bulk underground longhole mining methods. The project utilizes a design production rate of 1,000 tonnes per day.**
- **Life of project direct operating cost is estimated at US$516 per ounce of gold recovered. Net of the silver by-product, costs drop to US$455 per ounce.**
- **Initial capital costs are estimated at US$76 million which includes a 15 percent contingency.**
- **The economic model assumes a base case gold recovery rates ranging from 93% to 82% for gold and 86% to 71% for silver, depending on the mineralized zone.**
- **The mine would operate for nine months per year, closing annually for maintenance and to avoid high snowfall months from December through to end of February.**
- **Mine life is estimated at 5 years and life of mine average annual payable production is estimated to be 55,500 ounces of gold and 171,000 ounces of silver.**

- **Opportunity to increase potentially mineable ounces through the conversion of additional inferred resource by way of infill drilling, as recommended by JDS, and through immediately proximal exploration efforts.**

"*Completion of a positive Preliminary Economic Assessment for the Red Mountain Project is a critical milestone for IDM*," stated Rob McLeod, President and CEO of IDM Mining Ltd. "*With capital and operating costs that are estimated to be among the lowest in the global gold industry and a near term development plan now in place that provides a clear path to commercial operations, this study outlines both the potential economic and potential technical viability of the Red Mountain Underground Gold Project*. *With the significant exploration upside on the Property, along with additional drilling and engineering work, we anticipate the Project economics can be further improved.*"

The PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and that there is no certainty that the PEA will be realized. Please see the important disclosure under "Cautionary Note Regarding the PEA" below.

JDS Energy and Mining was engaged by IDM Mining in April 2014 to produce an Independent Preliminary Economic Assessment for the Red Mountain Gold Project with input from a number of other specialized and experienced consulting and advisory firms. A technical report prepared in compliance with the requirements of the Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101") will be filed on SEDAR and the Company website within 45 days. The technical report is being prepared by Dunham Craig, P.Geo a qualified person Independent of the Company in accordance with section 1.5 of NI-43-101.

**THE RED MOUNTAIN GOLD PROJECT**

The 17,125 hectare Red Mountain Gold Project is located in northwestern BC, 15km northeast of the Town of Stewart. Discovered in 1989, the property was explored extensively until 1996 by Lac Minerals Ltd. and Royal Oak Mines Inc., with 466 diamond drill holes and over 2,000 meters of underground development completed, along with extensive engineering and environmental baseline work. Additional studies were completed over the past 12 years by Seabridge, North American Metals Corp. ("NAMC") and Banks Island Gold Ltd. ("Banks Island").

Red Mountain is a porphyry-related hydrothermal gold system, located in the Stikine terrain. Gold mineralization is associated with, and partially hosted within an early to mid-Jurassic multi-phase intrusive complex, with associated volcanic and volcaniclastic rocks and sediments. Many gold mineralized zones occur on the Property, including three mineralized zones with established resource estimates. The three mineralized zones (Marc, AV and JW) have been folded, and are separated by dip-slip fault zones. These mineralized zones are moderate to steeply dipping, roughly tabular and vary in widths from one to forty meters, averaging about fifteen meters in thickness. Gold and silver mineralization is associated with stockworks, disseminations and patches of coarse grained pyrite. Alteration facies includes strong quartz-sericite alteration.

## Red Mountain Preliminary Economic Assessment Results

A summary of the PEA results based on a US$1,250 per ounce gold price and US$20 per ounce silver price is as follows:

### Key Aspects and Assumptions of the PEA Study

| Summary of Results | | |
|---|---|---|
| Mine Life | Years | 5.0 |
| Resource Mined | M tonnes | 1.4 |
| Waste Mined | M tonnes | 0.0 |
| **Total Mined** | **M tonnes** | **1.4** |
| Strip Ratio | w:o | 0.0 |
| Throughput Rate | tpd | 1,022 |
| Average Au Head Grade | g/t | 7.25 |
| Average Ag Head Grade | g/t | 24.44 |
| Au Payable | k oz. | 277.0 |
| | k oz./yr | 55.5 |
| Ag Payable | k oz. | 852.0 |
| | k oz./yr | 170.6 |

### Summary Economics

| Summary Economics at US$1,250/oz. gold, US$20/oz. silver | | |
|---|---|---|
| Total LOM Pre-Tax Free Cash Flow | C$ M | $119.4 |
| Average Annual Pre-Tax Free Cash Flow | C$ M | $23.9 |
| LOM Income Taxes | C$ M | $40.1 |
| Total LOM After-Tax Free Cash Flow | C$ M | $79.2 |
| Average Annual After-Tax Free Cash Flow | C$ M | $15.9 |
| Discount Rate | % | 5% |
| Pre-Tax NPV | C$ M | $90.1 |
| Pre-Tax IRR | % | 43.3% |
| Pre-Tax Payback | Years | 1.3 |
| After-Tax NPV | C$ M | $57.6 |
| After-Tax IRR | % | 32.9% |
| After-Tax Payback | Years | 1.5 |
| | US $* | C $ |
| Cash Cost ($/oz.) | 516.23 | 543.40 |
| Cash Cost ($/oz.) Net of By Product* | 454.73 | 478.66 |

**Exchange rate of $1.00 equals US$0.95 was used*

**Sensitivities**

| Au Price US$/oz | Ag Price US$/oz | Pre-Tax $NPV_{5\%}$ (C$ M) | Pre-Tax IRR | Pre-Tax Payback | After-Tax $NPV_{5\%}$ (C$ M) | After-Tax IRR | After-Tax Payback |
|---|---|---|---|---|---|---|---|
| $1,150 | $18.40 | $67.8 | 34.8% | 1.7 | $43.1 | 26.2% | 2.0 |
| $1,250 | $20.00 | $90.1 | 43.3% | 1.3 | $57.6 | 32.9% | 1.5 |
| $1,350 | $21.60 | $112.4 | 51.4% | 1.1 | $72.0 | 39.0% | 1.2 |
| $1,450 | $23.20 | $134.7 | 59.2% | 0.9 | $86.4 | 45.0% | 1.0 |

**Summary of Operating Costs**

| Operating Cost | $/t mined | $/t processed | LOM $M |
|---|---|---|---|
| Mining | 66.54 | 66.54 | 91.7 |
| Milling | 27.67 | 27.67 | 38.1 |
| G&A | 10.91 | 10.91 | 15.0 |
| **Total** | **105.13** | **105.13** | **144.9** |

## Opportunities to Enhance Value

In addition to the favourable economics outlined in this PEA, there are numerous opportunities to further enhance project value through additional resource expansion and optimization work at Red Mountain.

- Additional infill drilling is required to upgrade Inferred Resources within the JW zone and further delineate high-grade areas of the AV zone. Furthermore, it is expected that drilling in the AV and JW zone tails, as well as in the 141 zone, could potentially expand the potentially mineable resources base.

- Pre-sorting of mineralized material prior to processing has also been identified as a way to significantly enhance processing efficiencies, having been implemented successfully at other similar mining projects. For example, optical sorting of gold-bearing sulphides could reduce mill capacity requirements.

- Further refinement of the tailings facility and power line may result in reduced capital costs.

- Further evaluation of metallurgical recoveries in the AV Zone.

- Exploration potential on the property has been greatly enhanced since 1994 by glacial recession surrounding the deposit. A considerable area that was previously under ice is now exposed for the first time and available for exploration, proximal to the Red Mountain gold/silver bearing sulphidation system. A surface exploration program targeting many of these newly discovered and highly prospective areas is currently underway.

## Risks

It is the conclusion of the Qualified Person (QP) that the PEA summarized in this technical report contains adequate detail and information to support a potentially positive economic result. The PEA proposes the use of industry standard equipment and operating practices. To date, the QPs are not aware of any fatal flaws for the Project.

The most significant potential risks associated with the Project are uncontrolled dilution, operating and capital cost escalation, permitting and environmental compliance, unforeseen schedule delays, changes in regulatory requirements, ability to raise financing and metal price. These risks are common to most mining projects, many of which can be mitigated with adequate engineering, planning and pro-active management.

## Capital Costs

The capital cost (CAPEX) estimate includes all costs required to develop, sustain, and close the operation for a planned 5-year operating life. The construction schedule is based on an approximate 24-month build period. The accuracy of this estimate is ±35%.

The high-level CAPEX estimate is shown in the table below; the sustaining capital is carried over operating Years 1 through 5, and closure costs are projected in Year 6.

**Capital Cost Summary**

| Capital Cost | Pre-Production (C$M) | Sustaining/ Closure (C$M) | Total (C$M) |
|---|---|---|---|
| Crushing & Milling | 23.8 | 0.0 | 23.8 |
| Tailings Pond | 3.7 | 11.6 | 15.3 |
| Power | 10.2 | 0.0 | 10.2 |
| Mine Development | 10.5 | 4.8 | 15.3 |
| Infrastructure | 2.5 | 0.6 | 3.1 |
| Surface Equipment | 1.1 | 0.0 | 1.1 |
| Site Access Roads | 5.9 | 0.0 | 5.9 |
| Owner, Indirects, EPCM | 8.6 | 0.0 | 8.6 |
| Closure (Net of Salvage Value) | 0.0 | 1.4 | 1.4 |
| **Subtotal Pre-Contingency** | **66.2** | **18.4** | **84.7** |
| Contingency | 9.9 | 2.8 | 12.7 |
| **Total Capital Incl. Contingency** | **76.1** | **21.2** | **97.4** |

## Mining

Two mining methods were selected based on deposit body geometry and grade of the mineralized zones. 1) longhole stoping for mining blocks steeper than 55 degrees, which represents about 82% of potentially mineable tonnage. This is the potentially preferred mining method from productivity and operating cost perspective. 2) drift and fill for mining blocks with dips of less than 55 degrees, which represents about 18% of potentially mineable tonnage.

Cemented and uncemented rock fill will be used as backfill to maximize mining recovery.

The initial mine design was based on basic assumptions to generate lower limits for cut-off grades (COG) for the two planned mining methods. A value of 3 g/t Au was determined as the COG for longhole stoping and 5 g/t Au for drift and fill mining. These COG's were used to design initial mining shapes. Mining recovery and dilution factors were applied to each mining shape based on the mining method used.

The PEA mine plan focuses on accessing and mining higher grade material early in the mine life. As such, the plan commences with mining of Marc, followed by AV, and then JW. The mine production rate is targeted at 1,000 tpd. Production in the last year of mining was slightly increased to 1,085 tpd.

**Mine Production Schedule**

| Zone | Unit | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|---|---|---|---|---|---|---|---|
| **Marc** | | | | | | | |
| Tonnage | Tonnes | 270,137 | 189,851 | 28,827 | - | 26,995 | **515,809** |
| Gold Grade | Au g/t | 10.35 | 6.88 | 7.82 | - | 4.47 | **8.62** |
| Silver Grade | Ag g/t | 42.94 | 27.48 | 27.32 | - | 33.38 | **35.88** |
| **AV** | | | | | | | |
| Tonnage | Tonnes | - | 82,516 | 242,424 | 201,485 | 186,580 | **713,006** |
| Gold Grade | Au g/t | - | 7.16 | 6.38 | 5.80 | 5.54 | **6.09** |
| Silver Grade | Ag g/t | - | 21.37 | 16.41 | 19.96 | 19.62 | **18.83** |
| **JW** | | | | | | | |
| Tonnage | Tonnes | - | - | - | 69,990 | 79,455 | **149,445** |
| Gold Grade | Au g/t | - | - | - | 7.48 | 8.57 | **8.06** |
| Silver Grade | Ag g/t | - | - | - | 14.10 | 9.61 | **11.71** |
| **Total Mine** | | | | | | | |
| **Tonnage** | **Tonnes** | **270,137** | **272,367** | **271,251** | **271,475** | **293,030** | **1,378,260** |
| **Gold Grade** | **Au g/t** | **10.35** | **6.97** | **6.53** | **6.24** | **6.26** | **7.25** |
| **Silver Grade** | **Ag g/t** | **42.94** | **25.63** | **17.57** | **18.45** | **18.18** | **24.44** |

Underground access will be through two portals: the existing exploration decline at 1,860 m EL and a new portal at 1,650 m EL. Access ramps will be driven at a maximum grade of 15% at a 4.5 by 4.5 m profile to accommodate 30 tonne haul trucks. Level spacing is variable, up to a maximum of 30 m. Mineralized zone development will be on a 4.0 x 4.0 m profile.

## Recovery Methods

Gold and silver will be extracted by cyanidation from run of mine mineralized material delivered to the mill complex. The run of mine material will be stage crushed by a jaw and cone crusher and stored in a fine mineralized material bin. At a nominal rate of 1,000 tpd, the fine mineralized material bin will feed a conventional rod and ball mill grinding circuit followed by thickening prior to leaching. Target grind size will be 95% passing 38 microns.

Gold and silver extraction will be accomplished in leach tanks with carbon in pulp adsorption, carbon elution, regeneration, electrowinning and refining. Tailings will be treated with $SO_2$ and

air to destroy cyanide prior to discharge to the tailing management facility. Life of mine metallurgical recoveries are estimated to average 87% for gold and 80% for silver.

**Project Infrastructure**

The project envisions the construction of the following key infrastructure items:

- Approximately 25 km seasonal access road from the highway 37A to the project site.
- Approximately 5 km of on-site service roads to access the mine portals, tailings management facility and other working areas.
- Crushing and grinding circuits and gold extraction plant.
- Tailings management facility and impoundment.
- Temporary development waste storage areas (note that waste rock generated by development and mining is rehandled into the underground workings as backfill).
- Administration office, mine dry, maintenance shop, warehouse and emergency camp.
- Electrical connection to BC Hydro, transmission line adjacent to the seasonal access road and on-site substation and distribution network.
- Process and fire water storage and distribution.
- Sewage septic system.

These key items would be constructed during a two-year pre-production period. The seasonal access road and right-of-way for the electrical power transmission line would be constructed in first preproduction year and the remaining items constructed in the second preproduction year.

**Environment, Reclamation, First Nations and Stakeholder Engagement**

IDM is committed to operating Red Mountain in a sustainable manner and every reasonable effort will be made to minimize any short and long-term environmental impacts and to ensure that the Project provides lasting benefits to First Nations and local communities while generating substantial economic and social advantages for shareholders, employees, and the broader community. IDM respects the traditional knowledge of the First Nations who have historically occupied or used the Red Mountain project area and is committed to building collaborative, mutually beneficial relationships with potentially affected First Nations.

The Project area watershed is relatively undisturbed by human activities with the exception of historical logging in the 1960's and the currently decommissioned Red Mountain access road that was constructed in the mid 1990's.

The objective is to retain the current watershed and local ecosystem integrity as much as possible during the construction and operation of the Project. Upon closure and reclamation of the Project, the goal will be to return the relatively small-disturbed areas to a level of pre-mine existence.

Pursuant to section 3(1) of the *Reviewable Projects Regulation*, the proposed production capacity for the Project exceeds the criteria of 75,000 tonnes per annum (tpa) of mineral material for a new mineral mine and will require a provincial environmental assessment under the British Columbia *Environmental Assessment Act*.

Restoration activities are planned to consist of placing a geosynthetic liner system and one meter thickness of granulated cover over the tailings management facility to minimize infiltration. Covers will be graded to create natural drainage to reduce erosion. All underground development rock would be placed as backfill in the mining process. Infrastructure would be removed and disturbed sites regraded to natural slopes. The access roads would be deactivated. The lower underground portal is planned to be hydrostatically sealed with an engineered bulkhead. A 15-year annual monitoring program has been included in the cost estimation.

**Resource Estimate**

Numerous resource estimates were completed from 1989 to present. During 2000, North American Metal Corp ("NAMC") conducted a detailed review of all data, relogged all core within a 20 metre envelope of the mineralized material within the Marc, AV and JW zones and reviewed all exploration holes for potential inclusion into the resource. An extensive quality control and quality assurance ("QA/QC") review was completed on all exploration work and a comparative analysis was performed on drill hole data, underground bulk sampling and geology. The 2000 NAMC resource was reviewed, cross checked and verified for accuracy in May 2014 and is the basis for IDM Mining's revised resource estimate below.

At a 3.0 g/t Au cutoff, Measured and Indicated Resources from the Marc and AV zones are 1,454,300 tonnes averaging 8.15 g/t Au and 29.57 g/t Ag totaling 380,900 oz. Au and 1,382,800 oz. Ag. Inferred Resources from the Marc, AV and JW zones are 332,900 tonnes averaging 7.69 g/t Au and 12.72 g/t Ag totaling 82,300 oz. Au and 136,200 oz. Ag.

This resource estimate utilizes a more robust and conservative geologic model as compared with the previous 2013 NI 43-101 resource estimate for Red Mountain, prepared by Banks Island. Additionally, due to sparse drill density, Inferred Resources from the 141 Zone are not included in the current IDM resource estimate. Future drilling to better delineate gold mineralization within this zone is planned.

The current mineral resource estimate, effective date July 23, 2014, was prepared under the supervision of Dunham Craig, P.Geo. using 3D GEMS block modeling software. Resources were estimated from 206 surface and underground drill holes in 4 by 4 by 4 m blocks by ordinary kriging and anisotropic search ellipsoids designed to fit the geology. Grade estimates were based on capped 1.5 meter composited assay data. Gold values used in the interpolation runs were top cut to 44 g/t Au, and silver top cut to 220 g/t Ag.

**Mineral Resource Statement for the Red Mountain Gold Project at a 3 g/t Cut-off Grade***

| Zone | Tonnage | In situ Gold Grade | In situ Silver Grade | In situ Contained Gold | In situ Contained Silver |
|---|---|---|---|---|---|
| | (tonnes) | g/t | g/t | (Troy ounces) | (Troy ounces) |
| **Marc Zone** | | | | | |
| Measured | 651,600 | 9.26 | 40.06 | 194,000 | 839,215 |
| Indicated | 10,800 | 9.71 | 30.33 | 3,400 | 10,477 |
| Inferred | 0 | 0.00 | 0.00 | 0 | 0 |
| **AV Zone** | | | | | |
| Measured | 508,200 | 7.14 | 20.88 | 116,700 | 341,202 |
| Indicated | 283,800 | 7.32 | 21.03 | 66,800 | 191,935 |
| Inferred | 1,800 | 10.96 | 39.50 | 600 | 2,308 |
| **JW Zone** | | | | | |
| Measured | | | | | |
| Indicated | | | | | |
| Inferred | 331,100 | 7.67 | 12.57 | 81,600 | 133,900 |
| **Total Measured & Indicated** | **1,454,300** | **8.15** | **29.57** | **380,900** | **1,382,800** |
| **Total Inferred** | **332,900** | **7.69** | **12.72** | **82,300** | **136,200** |

*3 g/t Au is calculated as the cut-off grade for underground long hole stoping.

Since 2000, Banks Island drilled two additional holes in the Marc Zone of which the QA/QC procedures were not available. The Banks Island holes were entered into the database and their resource effect was estimated. Although they confirmed the 2000 resource estimate well, the net change to the 2000 resource was only a 0.02 g/t Au decrease in the Marc Zone average grade. As this is well within the rounding error and well below the resource estimation accuracy, and due to a lack of available QA/QC data, the Banks Island holes are not included in the current resource estimate.

**TECHNICAL REPORT**

JDS Energy & Mining Inc., a full service, British Columbia-based, Engineering, Procurement, Construction & Management firm, is the principal consultant for the Red Mountain PEA. The executive summary of the PEA, prepared by JDS, and subsequently a technical report will be posted on the Company's website www.IDMmining.com and the technical report will be filed on SEDAR www.sedar.com within 45 days.

Dunham Craig, P.Geo. of JDS Energy & Mining Inc., a 'Qualified Person' for the purpose of National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian securities administrators ("NI 43-101") has approved the disclosure of, and is the qualified person responsible for, the scientific and technical information in this news release inclusive of the Resource Estimate information. He has verified the data disclosed.

Rob McLeod, P.Geo, President and CEO of IDM Mining Ltd and a ‘Qualified Person’ under NI 43-101 has reviewed and approved the technical content of this release.

**ABOUT IDM MINING LTD.**

IDM Mining Ltd. is mineral exploration company (TSX: IDM) based in Vancouver, BC, Canada. The Company's current exploration activities are focused on precious metals in British Columbia and the Carolina Slate Belt, USA. Further information can be found on the Company's website at www.IDMmining.com.

ON BEHALF OF THE BOARD
of IDM Mining Ltd.

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***Cautionary Note Regarding the PEA:*** *The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Furthermore, there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Readers are encouraged to read the technical report when it is filed.*

***Forward-Looking Statements****: Some statements in this news release contain forward-looking information or forward-looking statements for the purposes of applicable securities laws. These statements include, among others, statements with respect to proposed exploration and development activities and their timing, resource estimates and potential mineralization, the PEA, including estimates of capital and sustaining costs, anticipated internal rates of return, mine production, estimated recoveries, mine life, estimated payback period and net present values, opportunities to enhance the value of the Red Mountain Project and other plans and objectives of IDM. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others and in addition to those described elsewhere in this release, delays in obtaining or inability to obtain required government or other regulatory approvals, permits or financing, the risk of unexpected variations in mineral resources,*

*grade or recovery rates, of failure of plant, equipment or processes to operate as anticipated, of accidents, labor disputes, and unanticipated delays in completing other development activities, the risk that estimated costs will be higher than anticipated and the risk that the proposed mine plan and recoveries will not be achieved, equipment breakdowns and bad weather, the timing and success of future exploration and development activities, exploration and development risks, mineral resources are not as estimated, title matters, third party consents, operating hazards, metal prices, political and economic factors, competitive factors and general economic conditions. In making the forward-looking statements, the Company has applied several material assumptions including, but not limited to, the assumptions that: required approvals, permits and financing will be obtained; the proposed exploration and development will proceed as planned; with respect to mineral resource estimates, the key assumptions and parameters on which such estimates are based; that the proposed mine plan and recoveries will be achieved, that capital costs and sustaining costs will be as estimated, and that no unforeseen accident, fire, ground instability, flooding, labor disruption, equipment failure, metallurgical, environmental or other events that could delay or increase the cost of development will occur, and market fundamentals will result in sustained metals and minerals prices. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as otherwise required by applicable securities legislation.*