



## IDM Mining Ltd. (IDM-V, \$0.17)

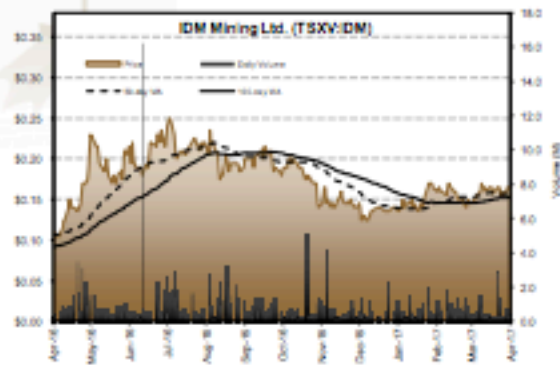
**Company Description:** IDM Mining's Red Mountain project is located in the "Golden Triangle" of northwest B.C., with Pretium's (PVT-T, not rated) Valley of the Kings (VOK), Seabridge's (SEA-T, not rated) KSM, and the historic Eskay Creek deposits all located within 150 kilometres. IDM's focus is on development and exploration at and around Red Mountain, a 1,000-tonne, 5-year underground mining operation expected to commence by mid-2018. The project and surrounding land package are under an option agreement with Seabridge Gold; all property expenditures have been incurred with one \$1.5 million sum payable to Seabridge on commencement of production. The Company has a strong institutional shareholder base of 48%, as well as corporate shareholders (31% including Osisko Mining (OSK-T, Buy Rating, \$6.50 Target Price), Osisko Gold Royalties (OR-T, Buy Rating, \$18.25 Target Price), Premier Gold (PG-T, not rated), and Kinross (K-T, not rated).

### Flagship Project: Red Mountain

- **Ownership:** IDM has one \$1.5 million payment to complete on commencement of production. Seabridge also has the right to acquire 10% of annual production for C\$1,000 per ounce for up to 50,000 ounces.
- **Location:** British Columbia
- **Exploration Target:** Red Mountain hosts a resource of 441,500 ounces of gold grading 8.36 g/t gold and 26 g/t silver (measured and indicated) and 107,500 ounces of gold grading 6.1 g/t gold and 9 g/t silver (inferred). Gold-silver-copper mineralization is hosted in granitic intrusive and andesitic volcanic rocks, and is associated with quartz-sericite-k-feldspar-pyrite veining/breccia zones and alteration. A Preliminary Economic Assessment (PEA) based on the previous resource was announced in July 2016 and returned an after-tax net present value (NPV)5% of \$86.6 million and an internal rate of return of 32.3% (2.0-year payback) over a 5-year mine life. Recent drilling at the Marc Zone suggests expansion potential to the south and at the 141 Zone to the west of the north-south-trending Marc, AV, and JW Zones, while several highly prospective exploration targets have been identified, revealed by the retreat of glaciers within the project area. Of particular note is the Lost Valley target, where channel sampling along flat-lying quartz veins has returned individual assays of up to 34.6 g/t gold and 183.0 g/t silver.
- **Historical Work:** Approximately 1,700 metres of underground development were completed by Lac Minerals between 1990 and 1994. The Company also drilled approximately 400+ drill holes, in addition to carrying out bulk sampling, engineering, and feasibility studies. Seabridge acquired the Red Mountain property in 2002, and completed a PEA in 2013. Prior to IDM's involvement, there has been no exploration work of significance within or surrounding the Red Mountain deposit since 1996 (outside of the current resource).
- **2017 Work Program:** 2017 will focus primarily on advancing its Red Mountain project to production. The Company has outlined a budget of \$13.2 million in 2017, which will include Phase 1 underground drilling (\$5.2 million), completion of a feasibility study (\$4.5 million), detailed engineering, and mines act permit (\$1.1 million); \$1.1 million is allocated to general and administrative expenses, marketing, and overheads. We also expect the Company to conduct some regional exploration work, including its Lost Valley target (see above).
- **Resources/Reserves (100%):** Global measured plus inferred plus indicated resource of 648,500 ounces grading 8.49 g/t gold and 23.5 g/t silver

### Financial Position

- **Cash:** ~\$20 million **Debt:** Nil
- **Last Financing:** March 2017: \$15 million private placement with Osisko Gold Royalties comprising 29.4 million common shares at \$0.25 per share.



Source: Capital IQ and Haywood Securities

IDM Mining Ltd.	TSXV:IDM
Shares I/O (M)	355.3
Shares F/D (M)	494.8
Market Cap (C\$M)	58.6
52 Week High/Low	\$0.26 / \$0.11
3 Month Performance	18.2%
Current Cash Est. (C\$M)	20.0
Debt	0.0
Enterprise Value (C\$M)	38.6
Estimated Burn (2017) (C\$M)	14.0
Company CEO	Robert McLeod
<b>Reserve / Resource (attrib)</b>	
	<b>Grade</b> <b>In Situ</b>
Gold	8.5 g/t      0.65 Moz
EV / oz Au (US\$)	\$45
Peer Average EV / oz Au (US\$)	\$50
<b>Catalysts</b>	
• Resource expansion and exploration drilling - throughout 2017	
• Feasibility study- Q2 2017	
• Permitting:	
-Application of Environmental Assessment	
-Regulatory review (210 day period. 45 day ministers decision) Q3-Q4 2017	
-EA certificate Q1-Q2 2018	
• Construction- Q2 2018	
• Commencement of production- Q2 2019	