

# Ascot Resources to Acquire IDM Mining to Create a Leading Gold Development and Exploration Company

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VANCOUVER, Jan. 07, 2019 - [Ascot Resources Ltd.](#) (TSX.V:AOT, OTCQX:AOTVF) ("Ascot") and [IDM Mining Ltd.](#) (TSX.V:IDM, OTCQB:IDMMF) ("IDM") are pleased to announce that they have entered into a definitive arrangement agreement (the "Definitive Agreement") pursuant to which Ascot will acquire all of the issued and outstanding common shares of IDM (the "Transaction"). Each IDM shareholder will be entitled to receive 0.0675 of a common share of Ascot for each share of IDM held (the "Consideration"). The Transaction will consolidate Ascot's Premier Gold project ("Premier") and IDM's Red Mountain project ("Red Mountain"), to create the leading high-grade gold development and exploration company in northwestern British Columbia's Golden Triangle. The combined entity will benefit from numerous operational and development synergies.

The Consideration values IDM at approximately C\$0.086 per share, representing a premium of approximately 54% to IDM shareholders based on the trailing 20-day volume weighted average price of each company as of the close of trading on January 4, 2019. Upon completion of the Transaction, it is expected that IDM shareholders will hold approximately 16.7% of Ascot shares on an outstanding basis.

## Highlights of the Transaction:

- The combination of the two companies will result in a compelling resource base of high-grade measured and indicated gold-silver resources positioning Ascot as a consolidator of the southern Golden Triangle;
- Complementary management teams with a combined skill set of mining development, operations, finance, exploration and community relations experience; locally-based team of miners, drillers and support team;
- Two, 15+ km long early-Jurassic geological trends totaling 25,000 hectares, which host multiple advanced deposits with significant potential new high-grade gold discoveries located 25 kms from each other;
- Geographic and regulatory proximity, with all assets located within Treaty territory of the Nisga'a Nation, near the prominent mining communities of Stewart, British Columbia and Hyder, Alaska;
- Acquisition of high-grade development-stage resources at IDM's Red Mountain project, which received its provincial environmental assessment certificate in October 2018;
- A solid infrastructure foundation at Premier, which includes a process mill, tailings storage facility, power and water treatment facilities; and
- Strong, supportive combined corporate, retail and institutional shareholder base providing enhanced market visibility.

Derek White, President & CEO of Ascot, commented: "The combination of Ascot and IDM creates a very attractive opportunity in northwest British Columbia's Golden Triangle for our shareholders and stakeholders. Based near the historic mining town of Stewart, this area has hosted several prominent, profitable, and high-grade gold mines and we see that similar potential going forward. At this time in the gold sector, scale is important and together with the Red Mountain project, the larger company will hopefully become a prominent gold developer in terms of both grade and tonnage. In addition, the company will have experienced people with deep local knowledge and backgrounds in exploration, underground mine development, finance and mining operations, which will ultimately maximize value for shareholders. Our vision is to build profitable gold mining operations based out of Stewart, BC. and the surrounding communities. I would also like to take this opportunity to welcome Andree St-Germain, a current Board member of the IDM board to the board of Ascot along with Robert McLeod, Ryan Weymark and Dave Green as members of the team upon the closing of the Transaction to help realize our vision. I am excited for what lies ahead in 2019 and beyond."

Robert McLeod, President & CEO of IDM, further added: "In addition to long-term value for both shareholders of Ascot and IDM, this combination provides a critical mass and optionality for development of

multiple high-grade gold deposits which will result in significant stakeholder benefits for citizens of the Nisga'a Nation, for my hometown of Stewart and for my friends in the border town of Hyder. The combined company will control two geological trends hosting significant exploration ground in the Golden Triangle, which remains highly prospective for additional gold-silver discoveries;

Ascot's deposits and IDM's Red Mountain project are located within separate mineralized trends and have separate NI 43-101 mineral resource estimates (see below). The proposed pro forma resource base would include 5.55M tonnes of measured and indicated resources, averaging 7.68 g/t Au, totaling 1.37 million ounces Au, with additional inferred resources of 6.35M tonnes averaging 7.12 g/t Au totaling 1.45 million ounces Au. Pro forma resources are as follows:

Class	Deposit	Tonnes	Average Grades Contained Ounces			
			Au g/t	Ag g/t	Au	Ag
Measured	Red Mountain	1,827,900	8.92	28.3	524,000	1,663,300
Indicated	Premier/Northern Lights	1,250,000	6.97	30.2	281,000	1,220,000
	Big Missouri	539,000	8.19	20.5	142,000	355,000
	Silver Coin	859,000	8.01	20.5	221,000	566,000
	Martha Ellen	130,000	5.47	48.0	23,000	201,000
Indicated	Ascot All Zones	2,780,000	7.46	26.2	667,000	2,340,000
Indicated	Red Mountain All Zones	943,400	5.95	12.0	180,600	363,500
Total Indicated	All Above	3,721,400	7.07	22.6	847,600	2,705,500
Total M&I	Total	5,549,300	7.68	24.5	1,371,600	4,368,800
Inferred	Premier/Northern Lights	1,740,000	5.95	24.2	333,000	1,350,000
	Big Missouri	2,250,000	8.25	18.4	596,000	1,330,000
	Silver Coin	1,160,000	7.78	22.1	289,000	821,000
	Martha Ellen	653,000	6.12	34.3	129,000	720,000
	Dilworth	235,000	6.13	56.0	46,000	424,000
Inferred	Ascot All Zones	6,030,000	7.18	24.0	1,390,000	4,650,000
Inferred	Red Mountain All Zones	316,000	6.04	7.6	61,400	77,200
Total Inferred	All Above	6,354,000	7.12	23.2	1,454,400	4,722,200

- Red Mountain Resources are reported at a 3.0 g/t Au cut-off
- Please refer to IDM's press release dated June 19, 2018 for Red Mountain Project Mineral Resource Estimate details and disclosure
- All Premier Resources are reported at a 3.5 g/t AuEq cut-off
- Please refer to Ascot's press release dated December 3, 2018 for Premier Project Mineral Resource Estimate details and disclosure
- Numbers may not sum due to rounding

## Transaction Details

Pursuant to the terms of the Definitive Agreement, each IDM shareholder will receive 0.0675 of a share of Ascot in exchange for each IDM share held. Each IDM warrant will be converted into an Ascot warrant per the terms of its warrant certificate. IDM stock options will be exchanged for replacement options under Ascot's stock option plan or cancelled without payment in accordance with the plan of arrangement (the "Plan of Arrangement"). The Definitive Agreement includes customary provisions, including non-solicitation, right to match, and fiduciary out provisions, as well as certain representations, covenants and conditions which are customary for a transaction of this nature. The Definitive Agreement provides for a C\$2.0 million termination fee payable by IDM to Ascot in certain circumstances and a reciprocal expense reimbursement fee of C\$500,000 payable under certain circumstances. The Transaction is expected to be completed by way of a court approved Plan of Arrangement under the Business Corporations Act (*British Columbia*) (the "Arrangement") and will require the approval of (i) at least 66⅔% of the votes cast by IDM securityholders; (ii) at least 66⅔% of the votes cast by IDM shareholders; and (iii) if applicable, a majority of the votes cast by IDM shareholders present in person or represented by proxy at the IDM special meeting, excluding, for this purpose, votes attached to IDM shares held by persons described in items (a) through (d) of Section 8.1(2) of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. Ascot will provide IDM with a C\$3.35 million secured convertible bridge loan (the "Loan") to improve IDM's liquidity until closing. The Loan will have an interest rate of CDOR plus 9% per annum and is convertible into

IDM's common shares at C\$0.0857 per share. If the Definitive Agreement is terminated, the Loan will become payable within 30 days or six months of termination, depending on the circumstances. If Ascot converts the Loan into IDM common shares it will not vote its IDM common shares at the IDM shareholder meeting to approve the Transaction.

Concurrent with entering into the Definitive Agreement, Ascot signed a term sheet with Sprott Resource Lending for a Convertible Note of US\$10 million (the "Note"). The Note will mature in two years with an interest rate of 8% to 8.5%, and may be paid in cash or common shares of Ascot. The Note is convertible into Ascot's common shares at a conversion price of C\$1.50 per share. The terms of the Note remain subject to the review and approval of the TSX Venture Exchange and the parties entering into the definitive documentation.

Closing of the Transaction is subject to the receipt of applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature, and is anticipated to be completed by the end of March 2019.

Further information regarding the Arrangement will be contained in a management information circular that IDM will prepare, file and mail to the IDM securityholders in connection with the special meeting of the IDM securityholders to be held to consider the Arrangement. All securityholders are urged to read the information circular once available as it will contain additional important information concerning the Arrangement. The Definitive Agreement will be filed on SEDAR.

The Ascot shares to be issued under the Arrangement have not been and will not be registered under the *U.S. Securities Act* of 1933, and may not be offered or sold in the United States absent registration or applicable exemption from registration requirements. It is anticipated that any securities to be issued under the Arrangement will be offered and issued in reliance upon the exemption from the registration requirements of the *U.S. Securities Act* of 1933 provided by Section 3(a)(10) thereof. This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities.

### **Board of Directors' Recommendation and Voting Support**

The Arrangement has been unanimously approved by the board of directors of both Ascot and IDM. The board of directors of IDM received fairness opinions with respect to the fairness of the consideration to be received by the shareholders of IDM under the Arrangement, respectively, from a financial point of view, and the board of directors of Ascot received a fairness opinion that the consideration to be paid by Ascot is fair, from a financial point of view, to Ascot.

Directors and officers of IDM along with IDM's largest shareholder, [Osisko Gold Royalties Ltd.](#), holding in the aggregate 18.86% of the outstanding IDM shares, have each entered into customary voting and support agreements to, amongst other things, vote in favour of the Arrangement at the special meeting of IDM securityholders to be held to consider the Transaction.

### **Advisors and Counsel**

Haywood Securities Inc. is acting as financial advisor and Blake, Cassels & Graydon LLP is acting as legal counsel to Ascot.

Raymond James Ltd. is acting as financial advisor and DuMoulin Black LLP is acting as legal counsel to IDM. Borden Ladner Gervais LLP is acting as legal counsel to IDM's Special Committee. Raymond James Ltd. and Cormark Securities Inc. each provided a fairness opinion to IDM's Special Committee and board of directors indicating that the Arrangement is fair from a financial point of view to the shareholders of IDM subject to the assumptions, limitations and qualifications set out in such fairness opinion.

### **Conference Call**

Ascot and IDM will host a joint webcast and teleconference on January 7th at 1:15 p.m. PT/4:15 pm ET to discuss the Transaction. Derek White and Robert McLeod will lead the discussion and will be available to answer questions at the end of the call.

The webcast can be accessed through the Investor page of Ascot and IDM's web sites or by clicking on the following link: <http://services.choruscall.ca/links/ascot20190107.html>. The live call may be accessed by dialing 1-800-319-4610 for North American callers, or 1-604-638-5340 for International callers. Callers should dial in five to ten minutes prior to the scheduled start time, and ask to join the "Ascot IDM

Golden Triangle Consolidation Call.&rdquo; The webcast will be available on demand at the same link for 3 months following the live event.

For more information about Ascot and IDM, please refer to each company&rsquo;s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Qualified Persons**

John Kiernan, P.Eng., Chief Operating Officer of [Ascot Resources Ltd.](#), and Robert McLeod, P.Geo., President and CEO of [IDM Mining Ltd.](#); are each Qualified Persons (QP) as defined by National Instrument 43-101 and have reviewed and approved the scientific and technical contents of this news release of Ascot and IDM, respectively.

### **About Ascot Resources Ltd.**

Ascot is a gold and silver focused exploration company with a portfolio of advanced and grassroots projects in the Golden Triangle region of British Columbia. The company&rsquo;s flagship Premier project is a near-term high-grade advanced exploration project with large upside potential. Ascot is poised to be the next Golden Triangle producer with an experienced and successful exploration, development and operating team, coupled with a highly regarded major shareholder.

### **About IDM Mining Ltd.**

IDM is an exploration and development company based in Vancouver, BC, Canada focused on advancing the Red Mountain gold project towards production. The 17,125 hectare Red Mountain project is located in northwestern BC, 15 km northeast of the mining town of Stewart. In 2018, IDM announced a 20.7% increase in high-grade, near-surface measured and indicated resources at Red Mountain. Located near a paved highway and grid power, IDM envisions bulk underground mining methods, with gold-silver doré produced on site. The Red Mountain project is one of the most advanced gold projects in Canada. It was recently granted its Provincial Environmental Assessment Certificate, with a Federal Environmental Assessment Decision expected in January 2019.

On behalf of the Board of Directors of Ascot Resources Ltd.

*&ldquo;Derek C. White&rdquo;*  
President & CEO

On behalf of the Board of Directors of IDM Mining Ltd.

*&ldquo;Robert McLeod&rdquo;*  
President & CEO

### **For further information, please contact:**

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*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.*

### **Cautionary Statement Regarding Forward-Looking Information**

*All statements, trend analysis and other information contained in this press release about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding anticipated benefits of the Transaction, the closing of the Transaction, the Ascot convertible debt financing and bridge loan, Premier and Red Mountain, including anticipated permitting and development milestones, are forward-looking statements. Although Ascot and IDM (the "Companies") believe that the expectations reflected in such forward-looking statements and/or information are reasonable, undue reliance should not be placed on forward-looking statements since the Companies can give no assurance that such expectations will prove to be correct. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the risks, uncertainties and other factors identified in the Companies' periodic filings with Canadian securities regulators, and assumptions made with regard to: the Companies' ability to complete the proposed Transaction; the Companies' ability to secure the necessary shareholder, securityholder, legal and regulatory approvals required to complete the Transaction; Ascot's ability to complete the convertible debt financing; the estimated costs associated with construction of the Premier and Red Mountain Projects; the timing of the anticipated start of production at the Premier and Red Mountain Projects; the ability to maintain throughput and production levels at the Premier Mill; and the Companies' ability to achieve the synergies expected as a result of the Transaction. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Important factors that could cause actual results to differ materially from Ascot and IDM's expectations include risks associated with the business of Ascot and IDM; risks related to the satisfaction or waiver of certain conditions to the closing of the Transaction; non-completion of the Transaction; risks related to reliance on technical information provided by Ascot and IDM; risks related to exploration and potential development of Ascot and IDM's projects; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; and other risk factors as detailed from time to time and additional risks identified in Ascot and IDM's filings with Canadian securities regulators on SEDAR in Canada (available at [www.sedar.com](http://www.sedar.com)). Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Neither Ascot nor IDM undertakes any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.*

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