

Imperial Reports First Quarter 2019 Financial Results

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VANCOUVER, May 14, 2019 - [Imperial Metals Corp.](#) (the "Company") (TSX:III) reports financial results for the three ended March 31, 2019, as summarized in this release and discussed in detail in the Management's Discussion & Analysis. The Company's financial results are prepared in accordance with International Financial Reporting Standards. The reporting currency of the Company is the Canadian ("CDN") Dollar.

QUARTER HIGHLIGHTS

FINANCIAL

On March 10, 2019, the Company entered into an agreement to sell a 70% interest in the Red Chris mine to Newcrest. In accordance with IFRS, the Company has classified Red Chris mine as a discontinued operation effective January 1, 2019 and asset held for sale as at March 31, 2019, and the prior year comparative quarter consolidated statement of income has been restated accordingly. Unless otherwise stated this MD&A will report the total of continuing and discontinued operations as one total for ease of comparison with the prior comparative period.

Total revenue decreased to \$76.7 million in the March 2019 quarter compared to \$117.9 million in the 2018 comparative quarter, a decrease of \$41.2 million or 34.9%. Revenue from the Red Chris mine in the March 2019 quarter was \$62.9 million compared to \$81.9 million in the 2018 comparative quarter. This decrease was attributable to a lower quantity of copper concentrate sold along with lower copper prices and slightly higher gold prices partially offset by the positive revenue revaluation noted below. Revenue from the Mount Polley mine in the March 2019 quarter was \$13.8 million compared to \$36.0 million in the 2018 comparative quarter due to lower production which was partially offset by the positive revenue revaluation noted below.

In the March 2019 quarter, there were 2.6 concentrate shipments from the Red Chris mine (2018-4.0 concentrate shipments) and 0.3 concentrate shipments from the Mount Polley mine (2018-1.0 concentrate shipment). Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The London Metals Exchange cash settlement copper price per pound averaged US\$2.82 in the March 2019 quarter compared to US\$3.16 in the 2018 comparative quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US\$1,304 in the March 2019 quarter compared to US\$1,329 in the 2018 comparative quarter. The average CDN/US Dollar exchange rate was 1.329 in the March 2019 quarter, 5% higher than the exchange rate of 1.265 in the March 2018 quarter. In CDN Dollar terms the average copper price in the March 2019 quarter was CDN\$3.75 per pound compared to CDN\$4.00 per pound in the 2018 comparative quarter, and the average gold price in the March 2019 quarter was CDN\$1,734 per ounce compared to CDN\$1,681 per ounce in the 2018 comparative quarter.

Revenue in the March 2019 quarter increased by \$2.5 million due to a positive revenue revaluation as compared to a \$5.6 million negative revenue revaluation in the 2018 comparative quarter. Revenue revaluations are the result of the copper price on the settlement date and/or the current period balance sheet date being higher or lower than when the revenue was initially recorded or the copper price at the last balance sheet date and finalization of contained metal as a result of final assays.

Net loss from continuing operations for the March 2019 quarter was \$2.3 million (\$0.02 per share) compared to net loss of \$31.1 million (\$0.27 per share) in the 2018 comparative quarter. The decrease in net loss of

\$28.8 million was primarily due to the following factors:

- Loss from mine operations went from income of \$0.2 million in March 2018 to a loss of \$2.5 million in March 2019, an increase in net loss of \$2.3 million.
- Interest expense went from \$17.8 million in March 2018 to \$18.4 million in March 2019, an increase in net loss of \$0.6 million.
- Foreign exchange gains/losses on current and non-current debt went from a loss of \$11.3 million in March 2018 to a gain of \$9.1 million in March 2019, a decrease in net loss of \$20.4 million.
- Tax recovery went from \$1.2 million in March 2018 to \$14.1 million in March 2019, a decrease in net loss of \$12.9 million.

The March 2019 quarter net income included a foreign exchange gain from continuing operations related to changes in CDN/US Dollar exchange rate of \$8.9 million compared to a foreign exchange loss of \$11.4 million in the 2018 comparative quarter. The \$8.9 million foreign exchange gain is comprised of a \$9.1 million gain on the senior notes and a \$0.2 million loss on operational items. The average CDN/US Dollar exchange rate in the March 2019 quarter was 1.329 compared to an average of 1.265 in the 2018 comparative quarter.

Cash flow from continuing operations was \$nil in the March 2019 quarter compared to cash flow of \$4.7 million in the 2018 comparative quarter. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS. The Company believes Cash flow is useful to investors and it is one of the measures used by management to assess the financial performance of the Company.

Capital expenditures attributed to continuing operations was \$0.7 million in the March 2019 quarter, down from \$4.2 million in the 2018 comparative quarter. The majority of the March 2019 expenditures were related to curtailment expenditures for the Mount Polley shutdown.

At March 31, 2019, the Company has not hedged any copper, gold or CDN/US Dollar exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the CDN/US Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

OPERATIONS

Red Chris Mine ⁽¹⁾

Red Chris first quarter metal production was 13.10 million pounds copper and 8,317 ounces gold. Mill throughput averaged 26,315 tonnes per calendar day during the first quarter, down from the 28,783 achieved in the same quarter last year. Metal recoveries were 73.84% copper and 48.06% gold, compared to 77.22% copper and 47.37% gold in the comparable 2018 quarter.

The reduced throughput and recovery in the quarter were the result of challenges with water reclaim quantity and quality. A large portion of the available water in the Tailings Impoundment Area became unavailable due to freezing, owing to extreme cold temperatures. Operations were sustained by utilizing the available free water to continue operations at a reduced rate. The period of reduced operations extended from about February 9 to March 28, with warming temperatures and adjusted tailings deposition management providing sufficient water for operations to return to normal throughput rates.

	Three Months Ended March 31	
	2019	2018
Ore milled - <i>tonnes</i>	2,368,337	2,590,490
Ore milled per calendar day - <i>tonnes</i>	26,315	28,783
Grade % - copper	0.340	0.447
Grade g/t - gold	0.227	0.310
Recovery % - copper	73.84	77.22
Recovery % - gold	48.06	47.37
Copper – <i>000&rsquo;s pounds</i>	13,100	19,725

Gold – <i>ounces</i>	8,317	12,215
Silver – <i>ounces</i>	22,627	34,881

Exploration, development and capital expenditures were \$9.3 million in the March 2019 quarter compared to \$4.9 million in the comparative 2018 quarter.

(1) The Red Chris Mine was classified as a discontinued operation effective January 1, 2019 and the comparative period has been restated accordingly.

Mount Polley Mine

Mount Polley first quarter metal production was 2.31 million pounds copper and 6,147 ounces gold. Mill throughput averaged 13,653 tonnes per calendar day during the first quarter. Metal recoveries were 38.37% copper and 57.47% gold, compared to 75.67% copper and 73.75% gold in the comparable 2018 quarter. Copper oxide percentages in the 2019 first quarter averaged 40.9%, up substantially from the average of 13.4% in the comparable 2018 quarter. Copper oxide content negatively impacted metal recoveries as copper oxide minerals do not respond well to flotation recovery methods.

Extremely cold winter temperatures also affected the Mount Polley mill throughput during the first quarter. Freezing ore in chutes and stockpiles limited the milling rates from the latter part of January into late February. During February 2019, only 9,764 dry metric tonnes were treated per calendar day milled, versus 17,531 dry metric tonnes treated during February 2018. Warmer temperatures in March improved mill throughput, which averaged over 16,000 tonnes per day in March and about 18,000 tonnes per day for the first 20 days of April. Milling of low grade stockpiles are targeted to continue to the end of May 2019, at which time the mine will be placed on care and maintenance until there is a sustained improvement in the price of copper.

	Three Months Ended March 31	
	2019	2018
Ore milled - <i>tonnes</i>	1,228,767	1,612,486
Ore milled per calendar day - <i>tonnes</i>	13,653	17,917
Grade % - copper	0.222	0.200
Grade g/t - gold	0.271	0.321
Recovery % - copper	38.37	75.67
Recovery % - gold	57.47	73.75
Copper – <i>000&rsquo;s pounds</i>	2,305	5,372
Gold – <i>ounces</i>	6,147	12,280
Silver – <i>ounces</i>	6,511	8,965

Exploration, development and capital expenditures were \$0.7 million in the March 2019 quarter compared to \$4.2 million in the comparative 2018 quarter.

Huckleberry Mine

Huckleberry continues to be on care and maintenance. For the quarter ending March 31, 2019, Huckleberry incurred idle mine costs comprised of \$1.2 million in operating costs and \$0.2 million in depreciation expense.

EARNINGS AND CASH FLOW

During the first quarter of 2019, the Company entered into an agreement for the sale of a 70% interest in the Red Chris Mine and it expects to complete the sale by the third quarter of 2019. As a result, this operation has been classified as a discontinued operation effective January 1, 2019 and the comparative periods have been restated.

Select Quarter Financial Information

Expressed in thousands, except share and per share amounts	Three Months Ended March 31	
	2019	2018
Continuing operations:		
Total revenues	\$ 13,803	\$ 36,027
Net loss	\$ (2,337)	\$ (31,078)
Net loss per share	\$ (0.02)	\$ (0.27)
Diluted loss per share	\$ (0.02)	\$ (0.27)
Adjusted net loss ⁽¹⁾	\$ (11,389)	\$ (19,666)
Adjusted net loss per share ⁽¹⁾	\$ (0.09)	\$ (0.16)
Adjusted EBITDA ⁽¹⁾	\$ (3,566)	\$ 4,798
Cash flow ⁽¹⁾⁽²⁾	\$ 25	\$ 4,677
Cash flow per share ⁽¹⁾⁽²⁾	\$ (0.00)	\$ 0.04
Discontinued operations:		
Total revenues	\$ 62,878	\$ 81,885
Net income	\$ 69	\$ 15,244
Net income per share	\$ 0.00	\$ 0.13
Diluted income (loss) per share	\$ 0.00	\$ 0.13
Adjusted net income (loss) ⁽¹⁾	\$ (225)	\$ 15,344
Adjusted net income (loss) per share ⁽¹⁾	\$ (0.00)	\$ 0.13
Adjusted EBITDA ⁽¹⁾	\$ 10,553	\$ 31,594
Cash flow ⁽¹⁾⁽²⁾	\$ 10,260	\$ 31,594
Cash flow per share ⁽¹⁾⁽²⁾	\$ 0.08	\$ 0.27
Working capital deficiency ⁽³⁾	\$ 727,836	\$ 789,470
Total assets	\$ 1,588,745	\$ 1,573,903
Total debt (including current portion)	\$ 874,329	\$ 829,698

(1) Refer to table under heading *Non-IFRS Financial Measures* for further details.

(2) *Cash flow* is defined as the cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid. *Cash flow per share* is defined as cash flow divided by the weighted average number of common shares outstanding during the year.

(3) Excludes assets and liabilities held for sale.

Select Items Affecting Net Loss (presented on an after-tax basis)

expressed in thousands	Three Months Ended March 31	
	2019	2018
Net loss before undernoted items from continuing operations	\$ (7,961)	\$ (6,626)
Interest expense	(13,423)	(13,040)
Recovery of BC mineral taxes including interest	9,425	-
Foreign exchange gain (loss) on debt	9,052	(11,412)
Net loss from continuing operations	\$ (2,907)	\$ (31,078)

NON-IFRS FINANCIAL MEASURES

The Company reports four non-IFRS financial measures: adjusted net income, adjusted EBITDA, cash flow and cash cost per pound of copper produced which are described in detail below. The Company believes these measures are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.

Adjusted net income, adjusted EBITDA, and cash flow are not generally accepted earnings measures and should not be considered as an alternative to net income (loss) and cash flows as determined in accordance with IFRS. As there is no standardized method of calculating these measures, these measures may not be directly comparable to similarly titled measures used by other companies.

Adjusted Net Loss and Adjusted Net Loss per Share

Adjusted net loss from continuing operations in the March 2019 quarter was \$11.4 million (\$0.09 per share) compared to an adjusted net loss of \$19.7 million (\$0.16 per share) in the 2018 comparative quarter. Adjusted net loss reflects the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net loss is calculated by removing the gains or losses, resulting from mark to market revaluation of derivative instruments, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax and other adjustments.

Adjusted EBITDA

Adjusted EBITDA from continuing operations in the March 2019 quarter was a loss of \$3.6 million compared to income of \$5.1 million in the 2018 comparative quarter. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depletion and depreciation, and as adjusted for certain other items.

Cash Flow and Cash Flow Per Share

Cash flow in the March 2019 quarter from continuing operations was \$nil compared to positive \$4.7 million in the 2018 comparative quarter. Cash flow per share was \$(0.00) in the March 2019 quarter compared to \$0.04 in the 2018 comparative quarter.

Cash flow and cash flow per share are measures used by the Company to evaluate its performance however they are not terms recognized under IFRS. Cash flow is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid and cash flow per share is the same measure divided by the weighted average number of common shares outstanding during the year.

Cash Cost Per Pound of Copper Produced

expressed in thousands, except cash cost per pound of copper produced

	Three Months Ended March 31, 2019		
	Red Chris	Mount Polley	Composite
Cash cost of copper produced in US\$	\$ 35,429	\$ 7,069	\$ 42,497
Copper produced – pounds	13,100	2,305	15,405
Cash cost per lb copper produced in US\$	\$ 2.70	\$ 3.07	\$ 2.76

	Three Months Ended March 31, 2018		
	Red Chris	Mount Polley	Composite
Cash cost of copper produced in US\$	\$ 34,260	\$ 7,463	\$ 41,723
Copper produced – pounds	19,725	5,372	25,097
Cash cost per lb copper produced in US\$	\$ 1.74	\$ 1.39	\$ 1.66

The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper mines, Red Chris, Mount Polley and Huckleberry, and on a composite basis for these mines.

Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: grade, metal recoveries, amount of stripping charged to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US\$ to CDN\$ exchange rate and the amount of copper produced. Idle mine costs during the periods when the Huckleberry mine was not in operation have been excluded from the cash cost per pound of copper produced.

For detailed information, refer to Imperial's 2019 First Quarter Report available on imperialmetals.com

and sedar.com.

Earnings Announcement Conference Call

May 15, 2019 at 10:00am PDT | 11:00pm EDT

Management will discuss the Company's First Quarter 2019 Financial Results.

To participate in the conference call, dial toll-free 833.231.8250 (North America).

A recording of the conference call will be available for playback until May 25, 2019 by calling 855.859.2056 playback code 3596176.

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company. The Company, through its subsidiaries, owns the Red Chris, Mount Polley and Huckleberry copper mines in British Columbia. Imperial also holds a 50% interest in the Ruddock Creek lead/zinc property. Imperial recently announced an agreement with Newcrest to sell a 70% interest in Red Chris to Newcrest for US\$806.5 million, while retaining a 30% interest in the mine. The Company and Newcrest will form a joint venture for the operation of the Red Chris mine going forward, with Newcrest acting as the operator.

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FORWARD-LOOKING STATEMENTS & RISKS NOTICE

The information in this news release provides a summary review of the Company's operations and financial position as at and for the quarter ended March 31, 2019, and plans for the future based on facts and circumstances as of May 14, 2019. Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking information which are prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this document includes, without limitation, statements regarding: expectations that the agreement to sell a 70% interest in the Company's Red Chris mine to Newcrest will successfully close and within necessary time frames, resulting in the joint venture between the parties for the operation of the Red Chris asset going forward, with Newcrest acting as operator; expectations that milling of the low grade stockpiles at Mount Polley will continue until May 2019, at which time that mine will be put on care and maintenance until there is a sustained improvement in the price of copper; production and marketing; capital expenditures; adequacy of funds for projects and liabilities; the receipt of necessary regulatory permits, approvals or other consents; outcome and impact of litigation; cash flow; working capital requirements; the requirement for additional capital; results of operations, production, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates and impact; future accounting changes; and future prices for marketable securities.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including, but not limited to, assumptions that: the agreement to sell a 70% interest in the Company's Red Chris mine to Newcrest will successfully close and within necessary time frames, enabling the Company to satisfy its debt obligations and repay its credit facilities as they become due; the Company will have access to capital as required and will be able to fulfill its funding obligations as the Red Chris minority joint venture partner; the Company will be able to advance and complete remaining planned rehabilitation activities within expected timeframes; there will be no significant delay or other material impact on the expected timeframes or costs for completion of rehabilitation of the Mount Polley mine and implementation of Mount Polley's long term water management plan; the Company's initial rehabilitation activities at Mount Polley will be successful in the long term; all required permits, approvals and

arrangements to proceed with planned rehabilitation and Mount Polley's long term water management plan will be obtained in a timely manner; there will be no material operational delays at the Red Chris mine; equipment will operate as expected; there will not be significant power outages; there will be no material adverse change in the market price of commodities and exchange rates; the Red Chris mine will achieve expected production outcomes (including with respect to mined grades and mill recoveries and access to water as needed). Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. We can give no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause Imperial's actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements constituting forward-looking information.

Important risks that could cause Imperial's actual results, revenues, performance or achievements to differ materially from Imperial's expectations include, among other things: the risk that the agreement to sell a 70% interest in the Company's Red Chris mine to Newcrest will not successfully close and within necessary time frames, jeopardizing the Company's ability to satisfy its debt obligations and repay its credit facilities as they become due, and undermining the Company's ability to continue as a going concern; the risk that the Company's ownership of the Red Chris mine may be diluted over time should it not have access to capital as required and will not be able to meet its funding obligations as the Red Chris minority joint venture partner; that additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; uncertainty regarding the outcome of sample testing and analysis being conducted on the area affected by the Mount Polley Breach; risks relating to the timely receipt of necessary approvals and consents to proceed with the rehabilitation plan and Mount Polley's long term water management plan; risks relating to the remaining costs and liabilities and any unforeseen longer-term environmental consequences arising from the Mount Polley Breach; uncertainty as to actual timing of completion of rehabilitation activities and the implementation of Mount Polley's long term water management plan; risks relating to the impact of the Mount Polley Breach on Imperial's reputation; the quantum of claims, fines and penalties that may become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risks of protesting activity and other civil disobedience restricting access to the Company's properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest, power outages, and natural phenomena such as weather conditions and water shortages negatively impacting the operation of the Red Chris mine; changes in commodity and power prices; changes in market demand for our concentrate; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); and other hazards and risks disclosed within the MD&A for the three months ended March 31, 2019 and other public filings which are available on Imperial's profile at *sedar.com*. For the reasons set forth above, investors should not place undue reliance on forward-looking information. Imperial does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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