

Imperial Reports Third Quarter 2019 Financial Results

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VANCOUVER, Nov. 14, 2019 - [Imperial Metals Corp.](#) (the "Company") (TSX:III) reports financial results for the three and nine months ended September 30, 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. The Company completed the sale to Newcrest on August 15, 2019 for a final purchase price of US\$804.4 million subject to debt and working capital adjustments.

In accordance with IFRS, the Company has classified Red Chris mine as a *discontinued operation* effective January 1, 2019 up to closing of the transaction with Newcrest on August 14, 2019, and the prior year comparative quarter consolidated statement of income (loss) has been restated accordingly. Effective August 15, 2019 onwards, the results from the Red Chris Mine are presented on a proportional basis relative to Imperial's 30% ownership in the joint venture. 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.

The majority of the proceeds received were used to repay most of the outstanding debt and eliminating interest expense on the debt on August 15, 2019.

Total revenue decreased to \$46.9 million in the September 2019 quarter compared to \$70.5 million in the 2018 comparative quarter, a decrease of \$23.6 million or 33.0%.

Revenue from the Red Chris mine in the September 2019 quarter was \$46.5 million compared to \$52.7 million in the 2018 comparative quarter. This decrease was attributable to the Company's ownership decreasing to 30% from 100% on August 15, 2019 compared to picking up 100% share throughout the entire prior year comparative quarter.

Revenue from the Mount Polley mine in the September 2019 quarter was (\$0.3) million compared to \$17.8 million in the 2018 comparative quarter. The decrease was attributable to the mine being on care and maintenance during the 2019 quarter.

In the September 2019 quarter there were 3.3 concentrate shipments from the Red Chris mine (2018-2.7 concentrate shipments). There were no concentrate shipments from the Mount Polley mine (2018-0.5 concentrate shipment) due to the closure of the mine in May 2019. 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\$2.64 in the September 2019 quarter compared to US\$2.77 in the 2018 comparative quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US\$1,474 in the September 2019 quarter compared to US\$1,213 in the 2018 comparative quarter. The average CDN/US Dollar exchange rate was 1.321 in the

September 2019 quarter, 1.0% higher than the exchange rate of 1.307 in the September 2018 quarter. In CDN Dollar terms the average copper price in the September 2019 quarter was CDN\$3.49 per pound compared to CDN\$3.62 per pound in the 2018 comparative quarter, and the average gold price in the September 2019 quarter was CDN\$1,947 per ounce compared to CDN\$1,585 per ounce in the 2018 comparative quarter.

Revenue in the September 2019 quarter decreased by \$4.6 million due to a negative revenue revaluation as compared to a \$5.1 million negative revenue revaluation in the 2018 comparative quarter. Revenue revaluations are the result of the metal prices 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 metal prices at the last balance sheet date and finalization of contained metal as a result of final assays.

Net loss from continuing operations for the September 2019 quarter was \$16.0 million (\$0.12 per share) compared to net loss of \$12.7 million (\$0.11 per share) in the 2018 comparative quarter. The increase in net loss of \$3.3 million was primarily due to the following factors:

- Loss from mine operations went from \$13.4 million in September 2018 to income of \$0.4 million in September 2019, a decrease in net loss of \$13.8 million.
- Interest expense went from \$18.7 million in September 2018 to \$9.4 million in September 2019, a decrease in net loss of \$9.3 million. Lower interest expense was due to the majority of the debt being repaid on August 15, 2019.
- Foreign exchange gains/losses went from a gain of \$6.9 million in September 2018 to a loss of \$10.1 million in September 2019, an increase in net loss of \$17.0 million. The average CDN/US Dollar exchange rate in the September 2019 quarter was 1.321 compared to an average of 1.307 in the 2018 comparative quarter.
- Tax recovery went from \$13.5 million in September 2018 to \$8.8 million in September 2019, an increase in net loss of \$4.7 million.

Cash flow from continuing operations was negative \$1.8 million in the September 2019 quarter compared to negative \$8.2 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 \$8.2 million in the September 2019 quarter, up from \$5.2 million in the 2018 comparative quarter. The increase was due to the inclusion of Red Chris expenditures from August 15, 2019 onwards representing Imperial's 30% proportionate share compared to the prior year quarter where these expenditures were classified as discontinued operations.

At September 30, 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

On August 15, 2019, Imperial completed the sale of a 70% interest in the Red Chris mine to [Newcrest Mining Ltd.](#) Imperial's portion of the third quarter production was 13.1 million pounds copper and 5,634 ounces gold representing 100% of production for the period July 1 through August 14, 2019, and 30% of production for the period August 15 through September 30, 2019.

Third quarter metal production from Red Chris was 19.5 million pounds copper and 8,419 ounces gold. These results represent 100% of production at Red Chris. Copper and gold production were up 11% in the third quarter compared to the second quarter of 2019. Mill throughput for the quarter averaged 30,568 tonnes per calendar day.

	Three Months Ended		Nine Months Ended	
	September 30*		September 30*	
	2019	2018	2019	2018
Ore milled - <i>tonnes</i>	2,812,236	2,810,076	7,874,663	7,930,517
Ore milled per calendar day – <i>tonnes</i>	30,568	30,544	28,845	29,050
Grade % - copper	0.421	0.292	0.385	0.343
Grade g/t - gold	0.226	0.212	0.219	0.253
Recovery % - copper	74.81	74.92	75.03	75.39
Recovery % - gold	41.15	45.65	43.76	45.82
Copper – <i>000&rsquo;s pounds</i>	19,505	13,546	50,206	44,781
Gold – <i>ounces</i>	8,419	8,741	24,316	29,569
Silver – <i>ounces</i>	35,318	22,780	88,371	77,050

* 100% Red Chris mine production

Exploration drilling commenced during the third quarter, and there are currently six drill rigs on site at Red Chris. Drilling to October 26, 2019 totalled 6,054 metres.

In the Gully zone, one 1,356.5 metre diamond drill hole is complete, and two holes in progress. All three holes are testing the extension of a high-grade copper-gold zone intersected in RC12-580. RC12-580 drilled in 2012 and intercepted 660.8 metres grading 0.41 g/t gold and 0.37% copper starting at 280 metres down the hole. This interval included a smaller 50 metre interval grading 1.1g/t gold and 0.90% copper.

In the Saddle zone, located between the Main and East zones, eight shallow holes up to 300 metres in depth are complete. This drilling was conducted in-fill a sparsely explored area between the main and east zones to provide information for the scheduling and design of the open pits.

At the East Zone, a deep in-fill resource definition drilling program is underway to provide additional geological, metallurgical and geotechnical data to support studies for future underground operations. Four rigs located in this zone are all drilling angle holes to cross the East Zone at depth and test the margins of the higher grade zones outlined by the historic vertical drilling.

Exploration, development and capital expenditures to the account of the Company were \$13.2 million in the September 2019 quarter compared to \$32.1 million in the comparative 2018 quarter.

Mount Polley Mine

The Mount Polley mine remains on care and maintenance since shut down of operations in May 2019.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2019	2018	2019*	2018
Ore milled - <i>tonnes</i>	-	1,393,368	1,002,352	4,588,798
Ore milled per calendar day – <i>tonnes</i>	-	15,145	16,432	16,809
Grade % - copper	-	0.220	0.238	0.199
Grade g/t - gold	-	0.266	0.298	0.284
Recovery % - copper	-	38.39	28.92	58.49
Recovery % - gold	-	65.06	46.60	69.66
Copper – <i>000&rsquo;s pounds</i>	-	2,599	1,520	11,790
Gold – <i>ounces</i>	-	7,748	4,472	29,138
Silver – <i>ounces</i>	-	7,684	4,609	24,181

*production stated for period January 1 to May 26, 2019

For the quarter ending September 30, 2019, Mount Polley incurred idle mine costs comprised of \$3.0 million in operating costs and \$1.3 million in depreciation expense.

Huckleberry Mine

Huckleberry remains on care and maintenance.

For the quarter ending September 30, 2019, Huckleberry incurred idle mine costs comprised of \$1.1 million in operating costs and \$0.2 million in depreciation expense.

EARNINGS AND CASH FLOW

The Company entered into an agreement for the sale of a 70% interest in the Red Chris mine to [Newcrest Mining Ltd.](#) on March 10, 2019 which closed on August 15, 2019. As a result, this operation was classified as a discontinued operation effective January 1, 2019 to August 14, 2019 and the comparative periods have been restated.

Select Quarter Financial Information

Expressed in thousands, except share and per share amounts	Three Months Ended September 30		Nine Months Ended
	2019	2018	2019
Continuing operations:			
Total revenues	\$ 6,991	\$ 17,829	\$ 42,467
Net loss	\$ (15,963)	) \$ (12,716)	) \$ (27,977)
Net loss per share	\$ (0.12)	) \$ (0.11)	) \$ (0.22)
Diluted loss per share	\$ (0.12)	) \$ (0.11)	) \$ (0.22)
Adjusted net loss ⁽¹⁾	\$ (6,940)	) \$ (21,206)	) \$ (36,981)
Adjusted net loss per share ⁽¹⁾	\$ (0.05)	) \$ (0.18)	) \$ (0.28)
Adjusted EBITDA ⁽¹⁾	\$ (1,668)	) \$ (9,796)	) \$ (1,885)
Cash flow ⁽¹⁾⁽²⁾	\$ (1,823)	) \$ (8,197)	) \$ (1,331)
Cash flow per share ⁽¹⁾⁽²⁾	\$ (0.01)	) \$ (0.07)	) \$ (0.01)
Discontinued operations:			
Total revenues	\$ 39,872	\$ 52,652	\$ 164,695
Net income (loss)	\$ 329,189	\$ (15,893)	) \$ 331,485
Net income (loss) per share	\$ 2.56	\$ (0.13)	) \$ 2.61
Diluted income (loss) per share	\$ 2.56	\$ (0.13)	) \$ 2.61
Adjusted net income (loss) ⁽¹⁾	\$ 7,613	\$ (15,893)	) \$ 9,356
Adjusted net income (loss) per share ⁽¹⁾	\$ 0.06	\$ (0.13)	) \$ 0.07
Adjusted EBITDA ⁽¹⁾	\$ 129,410	\$ (3,491)	) \$ 143,469
Cash flow ⁽¹⁾⁽²⁾	\$ 10,179	\$ (3,569)	) \$ 23,699
Cash flow per share ⁽¹⁾⁽²⁾	\$ 0.08	\$ (0.03)	) \$ 0.19
Working capital (deficiency)	\$ 77,416	\$ (819,730)	) \$ 77,416
Total assets	\$ 1,024,082	\$ 1,665,647	\$ 1,024,082
Total debt (including current portion)	\$ 4,214	\$ 873,789	\$ 4,214

⁽¹⁾ Refer to table under heading *Non-IFRS Financial Measures* in the MD&A for further details.

⁽²⁾ *Cash flow* is defined as the cash flow from operations before the net change in non-cash working capital balances, 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.

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

expressed in thousands	Three Months Ended September 30		Nine M
	2019	2018	2019

Net income (loss) before undernoted items from continuing operations	\$ 79	\$ (6,540	) \$ (14,642
Interest expense	(7,383	) (13,822	) (33,990
Recovery of BC Mineral taxes including interest	-	-	11,288
Gain on sale of Sterling	-	121	-
Foreign exchange gain (loss) on debt	(7,370	) 7,525	10,656
Loss on early repayment of debt	(1,289	) -	(1,289
Net loss from continuing operations	\$ (15,963	) \$ (12,716	) \$ (27,977

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, they may not be directly comparable to similarly titled measures used by other companies.

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share

Adjusted net loss from continuing operations in the September 2019 quarter was \$6.9 million (\$0.05 per share) compared to an adjusted net loss of \$21.2 million (\$0.18 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 September 2019 quarter was a loss of \$1.7 million compared to a loss of \$9.8 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 September 2019 quarter from continuing operations was negative \$1.8 million compared to negative \$8.2 million in the 2018 comparative quarter. Cash flow per share was \$(0.01) in the September 2019 quarter compared to \$(0.07) 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

The cash cost per pound of copper produced is a non-IFRS financial measure that does not have a standardized meaning under IFRS, and as a result may not be comparable to similar measures presented by other companies. Management uses this non-IFRS financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper mines, Red Chris (30% share effective August 15, 2019) Mount

Polley and Huckleberry, and on a composite basis for these mines.

The cash cost per pound of copper produced is derived from the sum of cash production costs, transportation and offsite costs, treatment and refining costs, royalties, net of by-product and other revenues, divided by the number of pounds of copper produced during the period.

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 and Mount Polley mines were not in operation have been excluded from the cash cost per pound of copper produced.

Cash Cost Per Pound of Copper Produced

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

	Three Months Ended September 30, 2019		
	Red Chris*	Mount Polley**	Composite
Cash cost of copper produced in US\$	\$ 27,808	\$ -	\$ 27,808
<i>Copper produced &ndash; pounds</i>	13,132	-	13,132
Cash cost per lb copper produced in US\$	\$ 2.12	\$ -	\$ 2.12

	Three Months Ended September 30, 2018		
	Red Chris*	Mount Polley**	Composite
Cash cost of copper produced in US\$	\$ 36,250	\$ 7,816	\$ 44,066
<i>Copper produced &ndash; pounds</i>	13,546	2,599	16,145
Cash cost per lb copper produced in US\$	\$ 2.68	\$ 3.01	\$ 2.73

	Nine Months Ended September 30, 2019		
	Red Chris*	Mount Polley**	Composite
Cash cost of copper produced in US\$	\$ 107,891	\$ 12,476	\$ 120,367
<i>Copper produced &ndash; pounds</i>	43,832	3,825	47,657
Cash cost per lb copper produced in US\$	\$ 2.46	\$ 3.26	\$ 2.53

	Nine Months Ended September 30, 2018		
	Red Chris*	Mount Polley**	Composite
Cash cost of copper produced in US\$	\$ 107,808	\$ 20,035	\$ 127,843
<i>Copper produced &ndash; pounds</i>	44,781	11,790	56,571
Cash cost per lb copper produced in US\$	\$ 2.41	\$ 1.70	\$ 2.26

* The Red Chris Mine was classified as a discontinued operation effective January 1, 2019 to August 14, 2019 and prior periods have been restated. Effective August 15, 2019 onwards, the results from Red Chris are presented on a proportional basis relative to Imperial's 30% ownership stake in the joint venture in continuing operations.

** The Mount Polley Mine is a continuing operation. The mine was placed on care and maintenance on May 26, 2019.

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

About Imperial

Imperial is a Vancouver exploration, mine development and operating company. The Company, through its subsidiaries, owns a 30% interest in the Red Chris mine, and a 100% interest in both the Mount Polley and

Huckleberry copper mines in British Columbia. Imperial will hold 45.3% interest in the Ruddock Creek lead/zinc property upon completion of 2019 exploration expenditures.

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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 September 30, 2019, and plans for the future based on facts and circumstances as of November 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 regarding the care and maintenance activities at Mount Polley; expectations regarding current drilling programs; expectations regarding the Company's ownership interest in its Ruddock Creek project; production and marketing; capital expenditures; adequacy of funds for projects and liabilities; 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 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 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 and nine months ended September 30, 2019 and other public filings, 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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