

Imperial Metals Corp. Reports Third Quarter 2020 Financial Results

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VANCOUVER, Nov. 10, 2020 - [Imperial Metals Corp.](#) (the "Company") (TSX:III) reports financial results for the three and nine months ended September 30, 2020, 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 February 20, 2019 the Company initiated a process for the sale of the Red Chris mine, and in accordance with IFRS, the Company classified Red Chris mine as a discontinued operation effective January 1, 2019 until the closing of the transaction with Newcrest on August 14, 2019. Effective August 15, 2019, the results from the Red Chris mine are presented on a proportionate basis relative to Imperial's 30% ownership in the Red Chris Joint Venture. Unless otherwise stated, this MD&A only compares the comparative quarter results from continuing operations and excludes discontinued operations.

During the third quarter of 2020 the provisional fair values that were assigned to the sale of Red Chris were finalized taking into consideration updated information obtained during the measurement period. The year ended December 31, 2019 and comparative quarters from September 30, 2019 onwards were restated to take into consideration the finalized values.

Total revenue from continuing operations increased to \$38.2 million in the September 2020 quarter from \$7.0 million in the 2019 comparative quarter, an increase of \$31.2 million. The September 2019 amount only included revenue from the Red Chris mine from August 15 to September 30. Revenues for the first part of the 2019 quarter were classified in discontinued operations and totalled \$39.9 million. In the September 2020 quarter, the Company included its portion of the 30% interest in the Red Chris mine.

In the September 2020 quarter, the Red Chris mine (100% basis) had 4.3 concentrate shipments (2019-3.3 concentrate shipments). 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\$2.96 in the September 2020 quarter compared to US\$2.64 in the 2019 comparative quarter. LBMA cash settlement gold price per troy ounce averaged US\$1,911 in the September 2020 quarter compared to US\$1,474 in the 2019 comparative quarter. The average US/CDN Dollar exchange rate was 1.332 in the September 2020 quarter, 0.8% higher than the exchange rate of 1.321 in the September 2019 quarter. In CDN Dollar terms the average copper price in the September 2020 quarter was CDN\$3.94 per pound compared to CDN\$3.49 per pound in the 2019 comparative quarter, and the average gold price in the September 2020 quarter was CDN\$2,545 per ounce compared to CDN\$1,947 per ounce in the 2019 comparative quarter.

Revenue in the September 2020 quarter increased by \$3.3 million due to a positive revenue revaluation as compared to a \$4.6 million negative revenue revaluation in the 2019 comparative quarter from continued and discontinued operations. Revenue revaluations are the result of the metal 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 metal price at the last balance sheet date and finalization of contained metal as a result of final weights and assays.

Net income from continuing operations for the September 2020 quarter was \$7.1 million (\$0.05 per share) compared to net loss of \$17.9 million (\$0.14 per share) in the 2019 comparative quarter. The increase in net income of \$25.0 million was primarily due to the following factors:

- Mine operations went from a loss of \$2.2 million in September 2019 to income of \$12.8 million in September 2020, an increase in net income of \$15.0 million.
- Interest expense went from \$9.4 million in September 2019 to \$0.3 million in September 2020, an increase in net income of \$9.1 million.
- Foreign exchange went from a loss of \$7.7 million in September 2019 to a loss of \$1.1 million in September 2020, an increase in net income of \$6.6 million.
- Tax recovery went from \$9.5 million in September 2019 to \$1.2 million in September 2020, a decrease in net income of \$8.3 million.

Cash flow was \$17.7 million in the September 2020 quarter compared to negative \$1.8 million in the 2019 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 from continuing operations were \$26.4 million in the September 2020 quarter, up from \$16.4 million in the 2019 comparative quarter.

At September 30, 2020, the Company had not hedged any copper, gold or US/CDN Dollar exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US/CDN Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

OPERATIONS

The Company's plans for 2020 and beyond could be adversely impacted by the effects of the coronavirus (2019-nCoV) global pandemic. In particular, the continued spread of the coronavirus and travel, and other operating restrictions established to curb the spread of coronavirus, could materially and adversely impact the Company's current plans by causing a temporary closure of the Red Chris mine, suspending planned exploration work, causing an economic slowdown resulting in a decrease in the demand for copper and gold, negatively impacting copper and gold prices, impacting the Company's ability to transport or market the Company's concentrate or causing disruptions in the Company's supply chains.

Red Chris Mine

Red Chris metal production for the 2020 third quarter was 22.2 million pounds copper and 18,052 ounces gold, as compared to 26.5 million pounds copper and 22,057 ounces gold produced in the 2020 second quarter. Imperial's 30% portion of Red Chris third quarter production was 6.66 million pounds copper and 5,415 ounces gold. Newcrest Red Chris Mining Limited is operator of the Red Chris Joint Venture (Newcrest 70%; Imperial 30%).

Metal production was lower than the prior quarter reflecting a higher proportion of lower grade stockpile material being fed to the mill due to unseasonal rainfall. This impacted the availability of higher grade mill feed from the pits, and resulted in lower recoveries. Lower grades and recoveries were partially offset by a 13% increase in mill throughput.

	Three Months Ended September 30*		Nine Months Ended September 30*	
	2020	2019	2020	2019
Ore milled – tonnes	2,777,245	2,812,236	7,196,524	7,874,663
Ore milled per calendar day – tonnes	30,187	30,568	26,265	28,845
Grade % – copper	0.460	0.421	0.553	0.385
Grade g/t – gold	0.398	0.226	0.462	0.219

Recovery %	78.8	74.8	81.0	75.0
Recovery %	50.8	41.2	53.9	43.8
Copper	22,203	19,505	71,112	50,206
Gold	18,052	8,419	57,536	24,316
Silver	45,914	35,318	141,044	88,371

* 100% Red Chris mine production

The Company's share of exploration, development and capital expenditures were \$26.3 million in the September 2020 quarter compared to \$13.2 million in the 2019 comparative quarter.

Mount Polley Mine

Mount Polley mine remains on care and maintenance status pending improvement of the economics of mining. Site personnel are maintaining access, fire watch, managing the collection, treatment and discharge of site contact water, and actively monitoring the tailings storage facility.

For the September 2020 quarter, Mount Polley incurred idle mine costs comprised of \$2.7 million in operating costs and \$1.1 million in depreciation expense.

Huckleberry Mine

Huckleberry mine operations were shut down in August 2016, and the mine remains on care and maintenance status, pending improvement of the economics of mining. Activities at the mine site have focused on water management, snow removal, maintenance of site infrastructure and equipment and environmental compliance monitoring. The tailings management facilities are actively monitored.

For the September 2020 quarter, Huckleberry incurred idle mine costs comprised of \$1.0 million in operating costs and \$0.2 million in depreciation expense.

EARNINGS AND CASH FLOW

The Company completed the sale of 70% interest in the Red Chris mine to Newcrest on August 15, 2019. As a result, this operation was classified as a discontinued operation effective January 1, 2019 to August 14, 2019.

Select Quarter Financial Information	Three Months Ended September 30		Nine Months Ended September 30	
expressed in thousands, except share and per share amounts	2020	2019	2020	2019
Continuing operations:				
Total revenues	\$ 38,161	\$ 6,991	\$ 111,182	\$ 42,467
Net income (loss)	\$ 7,063	\$ (17,901)	) \$ 24	\$ (29,915)
Net income (loss) per share	\$ 0.05	\$ (0.14)	) \$ 0.00	\$ (0.24)
Diluted income (loss) per share	\$ 0.05	\$ (0.14)	) \$ 0.00	\$ (0.24)
Adjusted net income (loss) ⁽¹⁾	\$ 7,015	\$ (8,895)	) \$ 132	\$ (38,936)
Adjusted net income (loss) per share ⁽¹⁾	\$ 0.05	\$ (0.07)	) \$ 0.00	\$ (0.31)
Adjusted EBITDA	\$ 17,243	\$ (1,227)	) \$ 36,001	\$ (1,444)
Cash flow ⁽¹⁾⁽²⁾	\$ 17,655	\$ (1,823)	) \$ 36,549	\$ (1,331)
Cash flow per share ⁽¹⁾⁽²⁾	\$ 0.14	\$ (0.01)	) \$ 0.28	\$ (0.01)
Discontinued operations:				
Total revenues	\$ -	\$ 39,872	\$ -	\$ 164,695
Net income	\$ -	\$ 360,906	\$ -	\$ 363,202

Net income share	\$ -	\$ 2.81	\$ -	\$ 2.86
Diluted income per share	\$ -	\$ 2.81	\$ -	\$ 2.86
Adjusted net income ⁽¹⁾	\$ -	\$ 42,501	\$ -	\$ 44,244
Adjusted net income per share ⁽¹⁾	\$ -	\$ 0.34	\$ -	\$ 0.35
Adjusted EBITDA ⁽¹⁾	\$ -	\$ 127,761	\$ -	\$ 141,820
Cash flow ⁽¹⁾⁽²⁾	\$ -	\$ 10,179	\$ -	\$ 23,699
Cash flow per share ⁽¹⁾⁽²⁾	\$ -	\$ 0.08	\$ -	\$ 0.19
Working capital	\$ 27,082	\$ 72,894	\$ 27,082	\$ 72,894
Total assets	\$ 1,092,134	\$ 1,115,426	\$ 1,092,134	\$ 1,115,426
Total debt (including current portion)	\$ 2,847	\$ 4,214	\$ 2,847	\$ 4,214

⁽¹⁾ Refer to *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.

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

expressed in thousands	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Net income (loss) before undernoted items	\$ 7,349	\$ (1,513)	\$ 719	\$ (16,234)
Interest expense	(238)	(7,383)	(803)	(33,990)
Recovery of BC Mineral taxes including interest	-	-	-	11,288
Foreign exchange gain (loss) on debt	(48)	(7,716)	108	10,310
Loss on early repayment of debt	-	(1,289)	-	(1,289)
Net income (loss) from continuing operations	\$ 7,063	\$ (17,901)	\$ 24	\$ (29,915)

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. 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 Income (Loss) and Adjusted Net Income (Loss) Per Share

Adjusted net income from continuing operations in the September 2020 quarter was \$7.0 million (\$0.05 per share) compared to an adjusted net loss of \$8.9 million (\$0.07 per share) in the 2019 comparative quarter. Adjusted net income or loss shows the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net income or loss is calculated by removing the gains or loss, resulting from acquisition and disposal of property, mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax.

Adjusted EBITDA

Adjusted EBITDA from continuing operations in the September 2020 quarter was \$17.2 million compared to a negative \$1.2 million in the 2019 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 from continuing operations in the September 2020 quarter was \$17.7 million compared to a negative \$1.8 million in the 2019 comparative quarter. Cash flow per share was \$0.14 in the September 2020 quarter compared to \$(0.01) in the 2019 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 Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper mines, Red Chris (30% share), 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 and Mount Polley mines were not in operation have been excluded from the cash cost per pound of copper produced.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Red Chris	**Mount Polley	Composite
Three Months Ended September 30, 2020			
Cash cost of copper produced in US\$	\$ 9,471	\$ -	\$ 9,471
Copper produced – pounds	6,661	-	6,661
Cash cost per lb copper produced in US\$	\$ 1.42	\$ -	\$ 1.42
Three Months Ended September 30, 2019			
	*Red Chris	**Mount Polley	Composite
Cash cost of copper produced in US\$	\$ 30,875	\$ -	\$ 30,875
Copper produced – pounds	13,132	-	13,132
Cash cost per lb copper produced in US\$	\$ 2.35	\$ -	\$ 2.35
Nine Months Ended September 30, 2020			
	Red Chris	**Mount Polley	Composite
Cash cost of copper produced in US\$	\$ 27,417	\$ -	\$ 27,417
Copper produced – pounds	21,333	-	21,333
Cash cost per lb copper produced in US\$	\$ 1.29	\$ -	\$ 1.29
Nine Months Ended September 30, 2019			
	*Red Chris	**Mount Polley	Composite
Cash cost of copper produced in US\$	\$ 110,947	\$ 12,476	\$ 123,423
Copper produced – pounds	43,832	3,825	47,657
Cash cost per lb copper produced in US\$	\$ 2.53	\$ 3.26	\$ 2.59

The Red Chris mine was classified as a discontinued operation effective January 1, 2019 to August 14, 2019. Effective August 15, 2019, the results from Red Chris are presented in continuing operations on a proportional basis relative to Imperial's 30% beneficial interest in the Red Chris Joint Venture.

** The Mount Polley mine was placed on care and maintenance on May 26, 2019.

For detailed information, refer to Imperial's 2020 Third Quarter Report available on

imperialmetals.com and sedar.com

About Imperial

Imperial is a Vancouver based 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 also holds a 45.3% interest in the Ruddock Creek lead/zinc property.

Company Contacts

Brian Kynoch | President | 604.669.8959
Darb Dhillon | Chief Financial Officer | 604.669.8959
Sabine Goetz | Shareholder Communications | 604.488.2657 | investor@imperialmetals.com

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release are not statements of historical fact and are forward-looking statements. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements regarding expectations regarding the care, maintenance and rehabilitation activities at Mount Polley and Huckleberry, expectations and timing regarding current and future exploration and drilling programs, expectations regarding exploration results and metal prices required to restart the Mount Polley and Huckleberry mines, expectations about the future impacts of the COVID-19 pandemic on the Company and the Company's ability to continue operations in lieu of the pandemic, future prices of copper and gold and future foreign currency exchange rates and their impact.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "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", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions. These factors and assumptions and beliefs and assumptions include, the risk factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company's ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this news release are qualified by these cautionary statements.

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