

Imperial Reports First Quarter 2021 Financial Results

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VANCOUVER, May 07, 2021 - [Imperial Metals Corp.](#) (the "Company") (TSX:III) reports financial results for the three months ended March 31, 2021, 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

Total revenue increased to \$33.1 million in the March 2021 quarter from \$28.0 million in the 2020 comparative quarter, an increase of \$5.1 million.

In the March 2021 quarter, the Red Chris mine (100% basis) had 3.7 concentrate shipments (2020-4.3 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\$3.85 in the March 2021 quarter compared to US\$2.56 in the 2020 comparative quarter. LBMA cash settlement gold price per troy ounce averaged US\$1,798 in the March 2021 quarter compared to US\$1,583 in the 2020 comparative quarter. The average US/CDN Dollar exchange rate was 1.267 in the March 2021 quarter, 5.9% lower than the exchange rate of 1.345 in the March 2021 quarter. In CDN Dollar terms the average copper price in the March 2021 quarter was CDN\$4.88 per pound compared to CDN\$3.44 per pound in the 2020 comparative quarter, and the average gold price in the March 2021 quarter was CDN\$2,277 per ounce compared to CDN\$2,128 per ounce in the 2020 comparative quarter.

Revenue in the March 2021 quarter increased by \$2.4 million due to a positive revenue revaluation as compared to a \$4.6 million negative revenue revaluation in the 2020 comparative quarter. 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 assays.

Net loss for the March 2021 quarter was \$2.5 million (\$0.02 per share) compared to net loss of \$6.9 million (\$0.05 per share) in the 2020 comparative quarter. The decrease in net loss of \$4.4 million was primarily due to the following factors:

- Loss from mine operations went from \$1.1 million in March 2020 to \$1.9 million in March 2021, an increase in net loss of \$0.8 million.
- Interest expense went from \$0.4 million in March 2020 to \$0.3 million in March 2021, a decrease in net loss of \$0.1 million.
- Foreign exchange gains/losses went from a gain of \$2.0 million in March 2020 to a loss of \$0.1 million in March 2021, an increase in net loss of \$2.1 million.
- Taxes went from an expense of \$0.6 million in March 2020 to a recovery of \$6.8 million in March 2021, a decrease in net loss of \$7.4 million.

Cash flow was \$2.7 million in the March 2021 quarter compared to \$2.5 million in the 2020 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 were \$16.8 million in the March 2021 quarter, an increase from \$11.6 million in the 2020 comparative quarter. The March 2021 expenditures included \$6.1 million in exploration, \$2.5 million for tailings dam construction and \$8.2 million on stripping costs and other capital.

At March 31, 2021, 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 2021 and beyond could be adversely impacted by the effects of the COVID-19 pandemic. The continuing impact of COVID-19 to travel and other operating restrictions established to curb the spread of COVID-19, 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

Metal production for the 2021 first quarter was 15.9 million pounds copper and 15,850 ounces gold, as compared to 22.5 million pounds copper and 17,427 ounces gold produced in the 2020 first quarter. Imperial's 30% portion of the production was 4.8 million pounds copper and 4,755 ounces gold. In February, a major power outage during an extreme winter weather event caused some mill infrastructure to freeze. The freezing conditions resulted in damage to a regrind mill and adversely impacted recovery during the period.

	Three Months Ended March 31	
	2021	2020
Ore milled - <i>tonnes</i>	2,162,759	1,964,226
Ore milled per calendar day - <i>tonnes</i>	24,031	21,585
Grade % - copper	0.433	0.618
Grade g/t - gold	0.419	0.496
Recovery % - copper	77.0	83.9
Recovery % - gold	54.3	55.7
Copper - <i>000's pounds</i>	15,885	22,451
Gold - <i>ounces</i>	15,850	17,427
Silver - <i>ounces</i>	34,424	44,549

* 100% Red Chris mine production

The Red Chris Mineral Resource update released on March 30, 2021 is a key input into the Pre-Feasibility Study ("PFS") which has been initiated on the development of a high margin underground block cave mine at Red Chris. The study is scheduled to be released by the end of September 2021. An ore reserve estimate which for the first time will include a block cave operation at Red Chris is expected to be released within the same timeframe as the PFS. Newcrest is also planning to complete a feasibility study following the completion of the PFS with completion anticipated for mid-2022.

The construction of the portal site and surface infrastructure for the exploration decline into the East Zone is progressing well and an underground contractor has been selected and is mobilizing to the site.

Imperial's 30% share of exploration, development, and capital expenditures were \$16.4 million in the March

2021 quarter compared to \$11.3 million in the 2020 comparative quarter.

Mount Polley Mine

Mount Polley operations ceased in May 2019 and the mine remains on care and maintenance status. The mine restart plan prepared in 2019 is being updated to include revised pit designs, results of recent drilling and current metal prices. In addition, the Company has engaged an engineering firm to complete a conceptual study investigating the potential for employing underground mining techniques to extend the operating life of the Mount Polley mine.

The COVID-19 pandemic has had an impact on mine restart timeline. However, the vaccine distribution is anticipated to mitigate this risk. When the revised restart plan has been updated and the Province wide vaccine distribution is complete, the Company will seek to secure financing to fund the restart of the mine.

Site personnel continue to maintain access, fire watch, manage collection, treatment and discharge of site contact water and actively monitor the tailings storage facility.

For the March 2021 quarter, Mount Polley incurred idle mine costs comprised of \$3.2 million in operating costs and \$0.8 million in depreciation expense.

Exploration, development, and capital expenditures in the March 2021 quarter were \$0.3 million compared to \$0.1 million in the 2020 comparative quarter.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status. A mine restart plan is under development for Huckleberry.

The COVID-19 pandemic has impacted the mine restart timeline. However, the vaccine distribution is anticipated to mitigate this risk. The Company will seek to secure financing to fund restart of the mine, following completion of the Province wide vaccine distribution. The Company anticipates the restart of Huckleberry will follow the start of operations at Mount Polley.

Site personnel continue to focus on maintaining access, water management (treatment and release of mine contact water into Tahtsa Reach), snow removal, maintenance of site infrastructure and equipment, mine permit compliance, updating the life of mine plan, environmental compliance monitoring and monitoring tailings management facilities.

For the March 2021 quarter, Huckleberry incurred idle mine costs comprised of \$1.3 million in operating costs and \$0.2 million in depreciation expense.

Operations Outlook

Newcrest provided metals production guidance (100%) for Red Chris mine, for the period July 1, 2020 to June 30, 2021 (period conforms to Newcrest June 30 annual year end), in the range of 55.1 to 66.1 million pounds copper and 45 to 55 thousand ounces gold.

The restart of Mount Polley and Huckleberry operations are being planned. The timeline of a restart will depend on securing financing and the completion of the Province wide vaccine distribution.

EARNINGS AND CASH FLOW

Select Quarter Financial Information

Three Months Ended March

expressed in thousands of dollars, except share and per share amounts	2021	2020
Operations:		
Total revenues	\$33,050	\$27,965
Net loss	\$(2,542)	\$(6,857)
Net loss per share	\$(0.02)	\$(0.05)
Diluted loss per share	\$(0.02)	\$(0.05)
Adjusted net loss ⁽¹⁾	\$(2,565)	\$(6,573)
Adjusted net loss per share ⁽¹⁾	\$(0.02)	\$(0.05)
Adjusted EBITDA ⁽¹⁾	\$2,631	\$2,535
Cash flow ⁽¹⁾⁽²⁾	\$2,662	\$2,477
Cash flow per share ⁽¹⁾⁽²⁾	\$0.02	\$0.02
Working capital	\$5,653	\$40,721
Total assets	\$1,075,017	\$1,106,172
Total debt (including current portion)	\$20,387	\$3,762

⁽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 Loss (presented on an after-tax basis)

expressed in thousands of dollars	Three Months Ended March 31	
	2021	2020
Net loss before undernoted items	\$(2,305)	\$(6,176)
Interest expense	(260)	(397)
Foreign exchange (gain) loss on debt	23	(284)
Net Loss	\$(2,542)	\$(6,857)

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 Loss and Adjusted Net Loss Per Share

Adjusted net loss in the March 2021 quarter was \$2.6 million (\$0.02 per share) compared to an adjusted net loss of \$6.6 million (\$0.05 per share) in the 2020 comparative quarter. Adjusted net loss shows 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 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 in the March 2021 quarter was \$2.6 million compared to \$2.5 million in the 2020

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 2021 quarter was \$2.7 million compared to \$2.5 million in the 2020 comparative quarter. Cash flow per share was \$0.02 in the March 2021 quarter compared to \$0.02 in the 2020 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 of dollars, except cash cost per pound of copper produced Three Months Ended March 31

	2021	2020
Cash cost of copper produced in US\$	\$13,326	\$10,135
Copper produced - pounds	4,765	6,735
Cash cost per lb copper produced in US\$	\$2.80	\$1.50

For detailed information, refer to Imperial's 2021 First 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

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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 the Company's expectations with respect to the impact of COVID-19 on the Company's business and operations; metal pricing; the preparation of, and timing for, a pre-feasibility and feasibility study in respect of a underground block cave mining operation at Red Chris; potential development plans and mining methods at Red Chris; the potential acceleration of the timeline to production and cash flows from any underground expansion; the impact of vaccine distribution on mine restart plans at Mount Polley and Huckleberry; financing to fund restart Mount Polley and Huckleberry; the ordering of any restart at Mount Polley and Huckleberry; metal production guidance and estimates; and expectations and timing regarding current and future exploration and drilling programs.

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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