

Imperial Reports First Quarter 2023 Financial Results

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VANCOUVER, May 09, 2023 - [Imperial Metals Corp.](#) (the "Company") (TSX:III) reports financial results for the three months ended March 31, 2023, as summarized in this news 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 ("IFRS"). The reporting currency of the Company is the Canadian ("CDN") Dollar.

QUARTER HIGHLIGHTS

FINANCIAL

Total revenue was \$92.7 million in the March 2023 quarter compared to \$33.1 million in the 2022 comparative quarter.

In the March 2023 quarter, the Red Chris mine (100% basis) had 2.4 concentrate shipments (2022-3.0 concentrate shipments). Mount Polley mine had 1.4 concentrate shipments (2022-nil concentrate shipments).

Variations in revenue are impacted by the re-start of the Mount Polley mine operations, 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\$4.05 in the March 2023 quarter compared to US\$4.53 in the 2022 comparative quarter. The LBMA (London Bullion Market Association) cash settlement gold price per troy ounce averaged US\$1,888 in the March 2023 quarter compared to US\$1,874 in the 2022 comparative quarter. The average US/CDN Dollar exchange rate was 1.352 in the March 2023 quarter, 6.8% higher than the exchange rate of 1.266 in the March 2022 quarter. In CDN Dollar terms the average copper price in the March 2023 quarter was CDN\$5.48 per pound compared to CDN\$5.73 per pound in the 2022 comparative quarter, and the average gold price in the March 2023 quarter was CDN\$2,553 per ounce compared to CDN\$2,373 per ounce in the 2022 comparative quarter.

A positive revenue revaluation in the March 2023 quarter was \$5.9 million as compared to a \$1.2 million of positive revenue revaluation in the 2022 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 2023 quarter was \$7.3 million (\$0.05 per share) compared to net loss of \$6.9 million (\$0.05 per share) in the 2022 comparative quarter. The increase in net loss of \$0.4 million was primarily due to the following factors:

- Mine operations went from an income of \$2.0 million in March 2022 to a loss of \$1.6 million in March 2023, increasing net loss by \$3.6 million.
- Mount Polley restart costs went from \$22.4 million in March 2022 to \$nil in March 2023, decreasing net loss by \$22.4 million.
- Gain on disposal of mineral properties went from \$16.2 million in March 2022 to \$nil in March 2023, increasing net loss by \$16.2 million.
- Interest expense went from \$0.8 million in March 2022 to \$6.0 million in March 2023, increasing net loss by \$5.2 million.

- Tax recovery went from \$1.5 million in March 2022 to \$4.4 million in March 2023, decreasing net loss by \$2.9 million.

Capital expenditures including leases were \$24.3 million in the March 2023 quarter, a decrease of \$7.4 million from \$31.7 million in the 2022 comparative quarter. The March 2023 quarter expenditures included \$8.5 million in exploration, \$3.5 million for tailings dam construction, \$4.2 million on stripping costs, and \$8.1 million of other capital.

At March 31, 2023, 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

During the quarter ended March 31, 2023, Imperial's consolidated metal production was 10,155,001 pounds copper and 13,129 ounces gold, with 6,678,094 pounds copper and 9,980 ounces gold produced from Mount Polley and 3,476,907 pounds copper and 3,149 ounces gold from its 30% share of Red Chris mine production.

Mount Polley Mine

Q1 2023 vs Q4 2022

Mount Polley metal production for the first quarter of 2023 was 6,678,094 pounds copper and 9,980 ounces gold, compared to 3,785,629 pounds copper and 6,995 ounces gold produced during the fourth quarter of 2022. Metal production was up by 76.4% for copper and 42.7% for gold for this quarter due to higher mill throughput, higher copper and gold recoveries, and higher copper grade. The throughput was 15,440 tonnes per day compared to 11,783 tonnes per day, copper recovery was 81.1% compared to 68.9%, gold recovery was 71.5% compared to 61.8% and the copper head grade was 0.269% compared to 0.230% copper. Mount Polley mill operations will continue to try and increase throughput while maintaining the excellent metals recoveries that were achieved this quarter.

	Three Months Ended March 31 2023	Three Months Ended December 31 2022
Ore milled - tonnes	1,389,635	1,084,016
Ore milled per calendar day - tonnes	15,440	11,783
Grade % - copper	0.27	0.23
Grade g/t - gold	0.31	0.33
Recovery % - copper	81.1	68.9
Recovery % - gold	71.5	61.8
Copper - 000's pounds	6,678	3,786
Gold - ounces	9,980	6,995

Q1 2023 vs Q1 2022

During the comparative March 31, 2022 quarter, Mount Polley Mine was not in production.

Exploration, development, and capital expenditures in the first quarter of 2023 were \$4.8 million compared to \$2.3 million in the 2022 comparative quarter.

Red Chris Mine

Q1 2023 vs Q4 2022

Red Chris metal production (100%) for the first quarter of 2023 was 11,589,689 pounds copper and 10,496 ounces gold, compared to 13,107,451 pounds copper and 14,518 ounces gold produced during the fourth quarter of 2022. At Red Chris, metal production was lower by 11.58% for copper and 27.7% for gold compared to the fourth quarter of 2022 primarily due to lower head grades of 0.32% copper and 0.31 g/t gold compared to 0.34% copper and 0.39 g/t gold in the previous quarter. The drop in grade was in line with expectations, as mining transitions into the lower gold grade Phase 7 ore source. Quarterly mill throughput decreased to 2,090,772 tonnes from 2,390,084 tonnes in the previous quarter with worn liners and an unplanned rock breaker failure impacting crusher operations.

Q1 2023 vs Q1 2022

<i>100% Red Chris mine production</i>	Three Months Ended March 31	
	2023	2022
Ore milled - tonnes	2,090,772	2,025,457
Ore milled per calendar day - tonnes	23,231	22,505
Grade % - copper	0.32	0.41
Grade g/t - gold	0.31	0.36
Recovery % - copper	77.4	72.5
Recovery % - gold	50.2	51.9
Copper - 000's pounds	11,590	13,310
Gold - ounces	10,496	12,088

Imperial's 30% share of exploration, development, and capital expenditures were \$19.4 million in the March 2023 quarter compared to \$29.1 million in the 2022 comparative quarter.

Block Cave Feasibility Study

At Red Chris, progress towards block cave mining is advancing with the exploration decline at 2,963 metres as of April 14 2023, and the completion of the first ventilation raise for the decline. The Block Cave Feasibility Study is expected to be completed in the second half of 2023. Several options to optimize the initial extraction level of the first block cave and thus access high grade ore earlier are being considered in the study. Expansion options for the processing plant are being considered in the Feasibility Study, including the option to stage expansion to match the cave ramp up.

The exploration program continued at Red Chris during the first quarter of 2023 with ongoing drilling east of the East Ridge Exploration Target returning positive results. Target generation has also identified an initial portfolio of high priority copper-gold targets within the Red Chris porphyry corridor for further testing.

During the reporting period, there were up to four diamond drill rigs in operation. A further 10,532 metres of drilling was completed during the quarter from 10 drill holes, with all drill holes intersecting mineralization. Drilling continues to confirm the vertical extent of the mineralization within the East Ridge Exploration Target.

Jim Miller-Tait, P.Geo., Imperial Metals Vice President Exploration, is the designated Qualified Person as defined by National Instrument 43-101 for the Red Chris exploration program.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status. The Company anticipates working towards the restart of Huckleberry following the start of operations at Mount Polley.

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

Geotechnical programs conducted in 2021 have indicated that some work is required to upgrade the existing facility and provided information required to update the tailings facility design for future operations.

For the March 2023 quarter, Huckleberry incurred idle mine costs comprised of \$1.8 million in operating costs and \$0.3 million in depreciation expense compared to \$1.3 million in operating cost and \$0.2 million in depreciation expense in the comparable quarter of 2022.

EARNINGS AND CASH FLOW

Select Quarter Financial Information	Three Months Ended March 31	
expressed in thousands of dollars, except share and per share amounts	2023	2022
Operations:		
Total revenues	\$92,664	\$33,126
Net loss	(\$7,253)	(\$6,925)
Net loss per share	(\$0.05)	(\$0.05)
Diluted loss per share	(\$0.05)	(\$0.05)
Adjusted net loss	(\$7,255)	(\$18,754)
Adjusted net loss per share	(\$0.05)	(\$0.13)
Adjusted EBITDA	\$5,923	(\$13,380)
Cash earnings	\$5,404	(\$13,331)
Cash earnings per share	\$0.03	(\$0.09)
Working capital (deficiency)	(\$88,980)	(\$44,107)
Total assets	\$1,316,087	\$1,190,293
Total debt (including current portion)	\$227,761	\$61,298

NON-IFRS FINANCIAL MEASURES

The Company reports four non-IFRS financial measures: adjusted net income (loss), adjusted EBITDA, cash earnings 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 (loss), adjusted EBITDA, cash earnings and cash cost per pound of copper are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers.

Adjusted Net Loss and Adjusted Net Loss Per Share

Adjusted net loss is derived from operating net loss 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 and other non-recurring items. Adjusted net loss in the March 2023 quarter was \$7.3 million (\$0.05 per share) compared to an adjusted net loss of \$18.8 million (\$0.13 per share) in the 2022 comparative quarter. We believe that the presentation of Adjusted Net Loss helps investors better understand the results of our normal operating activities and the ongoing cash generating potential of our business.

Adjusted EBITDA

Adjusted EBITDA in the March 2023 quarter was \$5.9 million compared to a loss of \$13.4 million in the 2022 comparative quarter. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to

investors about certain non-cash items and is useful to investors as an important indicator of our operations and the performance of our core business.

Cash Earnings and Cash Earnings Per Share

Cash earnings in the March 2023 quarter was \$5.4 million compared to negative \$(13.3) million in the 2022 comparative quarter. Cash earnings per share was \$0.03 in the March 2023 quarter compared to \$(0.09) in the 2022 comparative quarter.

Cash earnings and cash earnings per share are measures used by the Company to evaluate its performance however they are not terms recognized under IFRS. We believe that the presentation of cash earnings and cash earnings per share is appropriate to provide additional information to investors about how well the Company can earn cash to pay its debts and manage its operating expenses and investment. Cash earnings is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes paid, and interest paid. Cash earnings 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 and mine restart costs during the periods when the Huckleberry and Mount Polley mines are 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

Three Months Ended March 31, 2023

Red Chris	Mount Polley	Composite
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A	B	C=A+B
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Cash cost of copper produced in US\$	\$19,683	\$16,229	\$35,912
Copper produced - pounds	3,477	6,678	10,155
Cash cost per lb copper produced in US\$	\$5.66	\$2.43	\$3.54

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

Three Months Ended March 31, 2022

Red Chris	Mount Polley ⁽¹⁾	Composite
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A	B	C=A+B
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Cash cost of copper produced in US\$	\$11,147	\$ -	\$11,147
Copper produced - pounds	3,993	-	3,993
Cash cost per lb copper produced in US\$	\$2.79	\$ -	\$2.79

(1) Mount Polley mine operations were suspended in May 2019, and the mine remained on care and maintenance until the economics of mining improved. The mine restarted operations in late June 2022.

For detailed information, refer to Imperial's 2023 First Quarter Report available on imperialmetals.com and sedar.com.

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company with holdings that include the Mount Polley mine (100%), the Huckleberry mine (100%), the Red Chris mine (30%). Imperial

also holds a portfolio of 23 greenfield exploration properties in British Columbia.

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 its business and operations; metal pricing and demand; fluctuation of revenues; potential development plans and mining methods at Red Chris; expectations and timing regarding current and future exploration and drilling programs; progress and advancement of the exploration decline; expectations regarding completion of the Block Cave Feasibility Study and timing thereof; expectations regarding timing of mine restart plans at Huckleberry; metal production guidance and estimates; and expectations regarding the usefulness of non-IFRS financial measures including adjusted net income (loss), adjusted EBITDA, cash earnings and cash cost per pound of copper.

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 news 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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