

Imperial Reports Third Quarter 2023 Financial Results

07.11.2023 | [GlobeNewswire](#)

VANCOUVER, Nov. 07, 2023 - [Imperial Metals Corp.](#) ("Imperial" or the "Company") (TSX:III) reports financial results for the three and nine months ended September 30, 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 \$78.5 million in the September 2023 quarter compared to \$41.7 million in the 2022 comparative quarter.

In the September 2023 quarter, the Red Chris mine (100% basis) had 3.4 concentrate shipments (2022-4.4 concentrate shipments). The Mount Polley mine had 1.2 concentrate shipments (2022-0.3 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\$3.79 in the September 2023 quarter compared to US\$3.51 in the 2022 comparative quarter. The LBMA (London Bullion Market Association) gold price per troy ounce averaged US\$1,929 in the September 2023 quarter compared to US\$1,729 in the 2022 comparative quarter. The average US/CDN Dollar exchange rate was 1.341 in the September 2023 quarter, 2.7% higher than the exchange rate of 1.306 in the September 2022 quarter. In CDN Dollar terms the average copper price in the September 2023 quarter was CDN\$5.08 per pound compared to CDN\$4.59 per pound in the 2022 comparative quarter, and the average gold price in the September 2023 quarter was CDN\$2,587 per ounce compared to CDN\$2,258 per ounce in the 2022 comparative quarter.

A negative revenue revaluation in the September 2023 quarter was \$3.4 million as compared to a negative revenue revaluation of \$5.3 million 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 and weights.

Net loss for the September 2023 quarter was \$2.9 million (\$0.02 per share) compared to net loss of \$27.9 million (\$0.18 per share) in the 2022 comparative quarter. The decrease in net loss of \$25.0 million was primarily due to the following factors:

- mine operations improved from a loss of \$9.2 million in the September 2022 quarter to an income of \$0.5 million in the September 2023 quarter, decreasing net loss by \$9.7 million,
- Mount Polley restart costs were \$12.3 million in the September 2022 quarter compared to \$nil in the September 2023 quarter, decreasing net loss by \$12.3 million as the Mount Polley mine was in operations,
- interest expense increased from \$2.4 million in the September 2022 quarter to \$8.7 million in the September 2023 quarter, increasing net loss by \$6.3 million, and

- tax expense was \$1.9 million in the September 2022 quarter compared to a tax recovery of \$9.0 million in the September 2023 quarter, decreasing net loss by \$10.9 million.

Capital expenditures including leases were \$39.8 million in the September 2023 quarter, a decrease of \$1.4 million from \$41.2 million in the 2022 comparative quarter. The September 2023 quarter expenditures included \$11.7 million in exploration, \$13.6 million for tailings dam construction, \$3.5 million on stripping costs, and \$11.0 million of other capital.

At September 30, 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 September 30, 2023, Imperial's consolidated metal production was 12,182,493 pounds copper and 14,335 ounces gold, with 8,056,570 pounds copper and 11,321 ounces gold produced from Mount Polley and 4,125,923 pounds copper and 3,014 ounces gold from the Company's 30% share of Red Chris mine production.

Mount Polley Mine

Q3 2023 vs Q2 2023

Mount Polley metal production for the third quarter of 2023 was 8,056,570 pounds copper and 11,321 ounces gold, compared to 7,062,836 pounds copper and 10,185 ounces gold produced during the second quarter of 2023. Metal production increased by 14.1% for copper and 11.2% for gold for this quarter due to slightly higher copper grades and higher throughput. The throughput averaged 16,959 tonnes per day compared to 15,724 tonnes per day, copper recovery was 79.5% compared to 79.9% and gold recovery was 70.1% compared to 68.3%. Excellent metal recoveries continued to be achieved throughout the quarter despite additional throughput being restricted as the mill motor, which was damaged due to a lightning strike in the second quarter, was under repair until October 2023.

Mining of tailings from the Springer Pit continued, with 1.1 million m3 removed by mid-October 2023 representing about 50% of the total tailings required to be removed since the removal of tailings began on May 8, 2023. The tailings being removed are being dry stacked atop the Southeast Rock Dump. All the tailings are expected to be removed from the Springer Pit by the first quarter of 2024; following this, the Phase 4 pit will have a very low strip ratio of about 0.3 to 1.

Q3 2023 vs Q3 2022

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022 ⁽¹⁾
Ore milled -tonnes	1,560,270	984,814	4,380,748	984,814
Ore milled per calendar day -tonnes	16,959	10,705	16,047	10,705
Grade % - copper	0.295	0.197	0.282	0.197
Grade g/t - gold	0.322	0.285	0.320	0.285
Recovery % - copper	79.5	56.6	80.1	56.6
Recovery % - gold	70.1	56.3	69.9	56.3
Copper -000's pounds	8,057	2,420	21,798	2,420
Gold -ounces	11,321	5,083	31,485	5,083

⁽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.

Exploration, development, and capital expenditures in the third quarter of 2023 were \$13.1 million compared to \$8.1 million in the 2022 comparative quarter.

Red Chris Mine

Q3 2023 vs Q2 2023

Red Chris metal production (100%) for the third quarter of 2023 was 13,753,075 pounds copper and 10,048 ounces gold, compared to 13,729,195 pounds copper and 13,680 ounces gold produced during the second quarter of 2023. Gold production was 27% lower than the previous quarter, primarily driven by lower gold head grade from the Phase 7 ore source, which was in line with expectations.

Q3 2023 vs Q3 2022

<i>100% Red Chris mine production</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Ore milled -tonnes	2,288,860	2,465,653	6,737,288	7,067,219
Ore milled per calendar day -tonnes	24,879	26,801	24,679	25,887
Grade % - copper	0.346	0.446	0.340	0.449
Grade g/t - gold	0.258	0.391	0.304	0.381
Recovery % - copper	78.8	79.1	77.3	77.9
Recovery % - gold	52.8	56.5	51.9	56.8
Copper -000's pounds	13,753	19,181	39,072	54,497
Gold -ounces	10,048	17,512	34,224	49,140

Imperial's 30% share of exploration, development, and capital expenditures in the third quarter of 2023 were \$26.0 million compared to \$31.2 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 3,580 metres and the conveyor decline at 548 metres as of October 8, 2023. The Block Cave Feasibility Study also progressed with financial evaluation of the project continuing during the quarter.

The exploration program continued at Red Chris during the third quarter of 2023 with drilling completed west of the Main Zone, in the Gully and Far West zones as well as in the recently recognized White Rock Canyon targets. In addition to drilling, a program of geological mapping and geochemical sampling was completed across several regional targets.

Work is underway to update the Red Chris Mineral Resources estimate to include East Ridge in 2023, which will provide further clarity on the size and scale of this prospect.

During the reporting period, there were up to four diamond drill rigs in operation. A further 6,947 metres of drilling was completed during the quarter from 11 drill holes.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status.

Site personnel continue to focus on maintaining site access, water management including treatment and release of mine contact water into Tahtsa Reach, snow removal during winter time, maintenance of site infrastructure and equipment, mine permit compliance, environmental compliance monitoring and monitoring

tailings management facilities.

For the September 2023 quarter, Huckleberry incurred idle mine costs comprised of \$2.0 million in operating costs and \$0.2 million in depreciation expense compared to \$1.2 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

expressed in thousands of dollars, except share and per share amounts	Three Months Ended September 30		Nine Months End September 30	
	2023	2022	2023	2022
Operations:				
Total revenues	\$78,485	\$41,688	\$256,910	\$111,485
Net loss	\$(2,911)	\$(27,943)	\$(26,213)	\$(61,485)
Net loss per share	\$(0.02)	\$(0.18)	\$(0.17)	\$(0.58)
Diluted loss per share	\$(0.02)	\$(0.18)	\$(0.17)	\$(0.58)
Adjusted net loss	\$(2,955)	\$(27,990)	\$(26,266)	\$(71,485)
Adjusted net loss per share	\$(0.02)	\$(0.18)	\$(0.17)	\$(0.58)
Adjusted EBITDA	\$10,483	\$(13,035)	\$17,333	\$(4,035)
Cash earnings	\$9,841	\$(12,531)	\$16,515	\$(4,035)
Cash earnings per share	\$0.06	\$(0.08)	\$0.11	\$(0.25)
Working capital deficiency	\$(152,990)	\$(70,388)	\$(152,990)	\$(70,388)
Total assets	\$1,369,152	\$1,271,719	\$1,369,152	\$1,271,719
Total debt (including current portion)	\$292,419	\$145,127	\$292,419	\$145,127

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 produced 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 September 2023 quarter was \$3.0 million (\$0.02 per share) compared to an adjusted net loss of \$28.0 million (\$0.18 per share) in the 2022 comparative quarter. We believe that the presentation of Adjusted Net Income (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 September 2023 quarter was \$10.5 million compared to an adjusted EBITDA loss of \$13.0 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 September 2023 quarter was \$9.8 million compared to a cash loss of \$12.5 million in the 2022 comparative quarter. Cash earnings per share was \$0.06 in the September 2023 quarter compared to a cash loss per share \$0.08 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 September 30, 2023

	Red Chris A	Mount Polley B	Composite C=A+B
Cash cost of copper produced in US\$	\$18,253	\$14,025	\$32,278
Copper produced - 000's pounds	4,126	8,057	12,183
Cash cost per lb copper produced in US\$	\$4.42	\$1.74	\$2.65

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

Three Months Ended September 30, 2022

	Red Chris A	Mount Polley B	Composite C=A+B
Cash cost of copper produced in US\$	\$12,847	\$12,527	\$25,374
Copper produced - 000's pounds	5,754	2,420	8,174
Cash cost per lb copper produced in US\$	\$2.23	\$5.18	\$3.10

Calculation of Cash Cost Per Pound of Copper Produced

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

Nine Months Ended September 30, 2023

	Red Chris A	Mount Polley B	Composite C=A+B
Cash cost of copper produced in US\$	\$55,243	\$46,987	\$102,230
Copper produced - 000's pounds	11,722	21,798	33,520
Cash cost per lb copper produced in US\$	\$4.71	\$2.16	\$3.05

expressed in thousands, except cash cost per pound of copper produced Nine Months Ended September 30, 2022

	Red Chris A	Mount Polley ⁽¹⁾ B	Composite C=A+B
Cash cost of copper produced in US\$	\$33,637	\$12,527	\$46,164
Copper produced - 000's pounds	16,349	2,420	18,769
Cash cost per lb copper produced in US\$	\$2.06	\$5.18	\$2.46

⁽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.

Qualified Person

The technical and scientific information in this news release related to the Company's mineral projects has been reviewed and approved by Brian Kynoch, P.Eng., President of Imperial Metals, and is a designated Qualified Person as defined by NI 43-101.

For detailed information, refer to Imperial's 2023 Third Quarter Report available on [imperialmetals.com](https://www.imperialmetals.com) and [sedarplus.ca](https://www.sedarplus.ca).

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%), and the Red Chris mine (30%). In addition, Imperial has a portfolio of 23 greenfield exploration properties located mainly in British Columbia. Imperial also holds royalty interests in another 13 properties. Management continues to evaluate various opportunities to advance many of these properties.

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 update of the Red Chris Mineral Resources estimate; expectations regarding recovery, throughput and mined grades for copper and gold; the removal of the Mount Polley mine tailings from the Springer Pit; metal production guidance and estimates; expectations regarding the care and maintenance activities at Huckleberry; 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 produced.

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 sedarplus.ca. 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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