

---

## Imperial Reports Third Quarter 2022 Financial Results

Vancouver | **November 8, 2022** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for the three and nine months ended September 30, 2022, 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 increased to \$41.7 million in the September 2022 quarter compared to \$37.1 million in the 2021 comparative quarter, an increase of \$4.6 million.

In the September 2022 quarter, the Red Chris mine (100% basis) had 4.4 concentrate shipments (2021 - 4.0 concentrate shipments), and Mount Polley mine had 0.3 concentrate shipments (2021- nil 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\$3.51 in the September 2022 quarter compared to US\$4.25 in the 2021 comparative quarter. London Bullion Market Association, London gold price per troy ounce averaged US\$1,729 in the September 2022 quarter compared to US\$1,789 in the 2021 comparative quarter. The average US/CDN Dollar exchange rate was 1.306 in the September 2022 quarter, 3.6% higher than the exchange rate of 1.260 in the 2021 comparative quarter. In CDN Dollar terms the average copper price in the September 2022 quarter was CDN\$4.59 per pound compared to CDN\$5.36 per pound in the 2021 comparative quarter, and the average gold price in the September 2022 quarter was CDN\$2,258 per ounce compared to CDN\$2,254 per ounce in the 2021 comparative quarter.

A negative revenue revaluation in the September 2022 quarter was \$4.6 million as compared to a \$0.8 million negative revenue revaluation in the 2021 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 September 2022 quarter was \$27.9 million (\$0.18 per share) compared to net loss of \$3.8 million (\$0.03 per share) in the 2021 comparative quarter. The increase in net loss of \$24.1 million was primarily due to the following factors:

- Mine operations went from an income of \$4.9 million in September 2021 to a loss of \$9.2 million in September 2022, increasing net loss by \$14.1 million.
- Mount Polley restart costs went from \$1.6 million in September 2021 to \$12.2 million in September 2022, increasing net loss by \$10.6 million.
- Idle mine costs went from \$6.2 million in September 2021 to \$1.4 million in September 2022, decreasing net loss by \$4.8 million.
- Interest expenses went from \$0.2 million in September 2021 to \$2.4 million in September 2022, increasing net loss by \$2.2 million.

Capital expenditures including finance leases were \$41.2 million in the September 2022 quarter, an increase from \$33.8 million in the 2021 comparative quarter. The September 2022 expenditures included \$12.2 million in exploration, \$15.0 million for tailings dam construction and \$14.0 million on stripping costs and other capital.

At September 30, 2022, 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 current impact of the COVID-19 pandemic on our business is described under Significant Events and Liquidity in the Management's Discussion & Analysis. The Company's plans for 2022 and beyond could be adversely impacted by the effects of the COVID-19 pandemic. The continuing impact 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

Red Chris metal production (100% basis) for the third quarter of 2022 was 19.2 million pounds copper and 17,512 ounces gold, down by 13% and 10% respectively from the 22.0 million pounds copper and 19,540 ounces gold produced during the second quarter of 2022.

Gold production for the third quarter of 2022 was lower than the second quarter of 2022 due to lower recovery and lower throughput. Recovery is expected to improve in the December 2022 quarter with various improvement initiatives nearing completion including the cleaner column expansion project. Gold head grade was consistent with the second quarter of 2022. Copper production was down by 13% on lower throughput and grade. Mined grades for copper and gold are expected to decrease with mining now complete in Phase 5.

Imperial's 30% portion of Red Chris mine third quarter production was 5.8 million pounds copper and 5,254 ounces gold.

|                                      | Three Months Ended |           | Nine Months Ended |           |
|--------------------------------------|--------------------|-----------|-------------------|-----------|
|                                      | September 30*      |           | September 30*     |           |
|                                      | 2022               | 2021      | 2022              | 2021      |
| Ore milled - tonnes                  | 2,465,653          | 2,543,495 | 7,067,219         | 7,199,572 |
| Ore milled per calendar day - tonnes | 26,801             | 27,647    | 25,887            | 26,372    |
| Grade % - copper                     | 0.446              | 0.389     | 0.449             | 0.407     |
| Grade g/t - gold                     | 0.391              | 0.336     | 0.381             | 0.365     |
| Recovery % - copper                  | 79.1               | 79.0      | 77.9              | 78.5      |
| Recovery % - gold                    | 56.5               | 55.6      | 56.8              | 55.1      |
| Copper - 000's pounds                | 19,181             | 17,244    | 54,497            | 50,704    |
| Gold - ounces                        | 17,512             | 15,249    | 49,140            | 46,550    |

\* 100% Red Chris mine production

During the third quarter of 2022, there were up to seven diamond drill rigs in operation. A further 20,926 metres of drilling has been completed from 27 drill holes, with all drill holes intersecting mineralization. Approximately 50,000 metres of drilling is planned for the second half of 2022 from eight drill rigs. Two of the rigs are drilling from underground stations along the exploration decline. Drilling from underground will reduce the meterage required to further test the East Ridge and the surface disturbance required to construct drill pads and roads.

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

Imperial's 30% share of exploration, development, and capital expenditures were \$31.2 million in the September 2022 quarter compared to \$28.2 million in the 2021 comparative quarter.

### Mount Polley Mine

Production at Mount Polley was 2.4 million pounds copper and 5,084 ounces gold for the third quarter of 2022. During this third quarter, 984,814 tonnes were milled. There has been a steady increase in throughput from 7,268 tonnes per day in July to 11,079 tonnes per day in August and 13,868 tonnes per day in September. Further increases in throughput were hampered by the trunnion machining that was required to repair Pebble Mill 3. This work is complete and Pebble Mill 3 was put into operation in early October. All eight mills in the grinding circuit are now operational, and we look forward to increasing the mill throughput.

Exploration, development, and capital expenditures in the September 2022 quarter were \$8.1 million compared to \$1.3 million in the 2021 comparative quarter.

## 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), 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. A program of geotechnical and de-pressurization drilling has been completed and information collected is being assessed.

For the September 2022 quarter, Huckleberry incurred idle mine costs comprised of \$1.2 million in operating costs and \$0.2 million in depreciation expense.

Exploration, development, and capital expenditures in the September 2022 quarter were \$1.8 million compared to \$1.8 million in the 2021 comparative quarter.

## EARNINGS AND CASH FLOW

### Select Quarter Financial Information

expressed in thousands of dollars,  
except share and per share amounts

|   | Three Months Ended |             | Nine Months Ended |             |
|---|--------------------|-------------|-------------------|-------------|
|   | September 30       |             | September 30      |             |
|   | 2022               | 2021        | 2022              | 2021        |
| Operations:   |                    |             |                   |             |
| Total revenues  | \$41,688           | \$37,064    | \$111,197         | \$104,329   |
| Net loss  | \$(27,943)         | \$(3,772)   | \$(64,143)        | \$(11,389)  |
| Net loss per share                                    | \$(0.18)           | \$(0.03)    | \$(0.44)          | \$(0.09)    |
| Diluted loss per share                                | \$(0.18)           | \$(0.03)    | \$(0.44)          | \$(0.09)    |
| Adjusted net loss <sup>(1)</sup>                      | \$(27,990)         | \$(3,489)   | \$(76,450)        | \$(11,165)  |
| Adjusted net loss per share <sup>(1)</sup>            | \$(0.18)           | \$(0.02)    | \$(0.52)          | \$(0.08)    |
| Adjusted EBITDA <sup>(1)</sup>                        | \$(13,035)         | \$8,136     | \$(49,365)        | \$19,050    |
| Cash earnings <sup>(1)(2)</sup>                       | \$(12,531)         | \$7,780     | \$(48,992)        | \$18,408    |
| Cash earnings per share <sup>(1)(2)</sup>             | \$(0.08)           | \$0.06      | \$(0.33)          | \$0.14      |
| Working capital (deficiency)                          | \$(70,388)         | \$21,950    | \$(70,388)        | \$21,950    |
| Total assets  | \$1,271,719        | \$1,122,484 | \$1,271,719       | \$1,122,484 |
| Total debt (including current portion) <sup>(3)</sup> | \$145,127          | \$4,850     | \$145,127         | \$4,850     |

<sup>(1)</sup> Refer to *Non-IFRS Financial Measures* for further details.

<sup>(2)</sup> Cash earnings 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 earnings per share is defined as cash earnings divided by the weighted average number of common shares outstanding during the year.

<sup>(3)</sup> Total debt consists of banker's acceptances, convertible debentures, and equipment leases.

## NON-IFRS FINANCIAL MEASURES

The Company reports four non-IFRS financial measures: adjusted net 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 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 September 2022 quarter was \$28.0 million (\$0.18 per share) compared to an adjusted net loss of \$3.5 million (\$0.02 per share) in the 2021 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 September 2022 quarter was negative \$13.0 million compared to positive \$8.1 million in the 2021 comparative quarter. We define adjusted EBITDA as net 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 2022 quarter was negative \$12.5 million compared to positive \$7.8 million in the 2021 comparative quarter. Cash earnings per share was negative \$0.08 in the September 2022 quarter compared to positive \$0.06 in the 2021 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

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.

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

|  | Three Months Ended September 30, 2022 |                             |           |
|--|---------------------------------------|-----------------------------|-----------|
|  | Red Chris                             | Mount Polley <sup>(1)</sup> | Composite |
| Cash cost of copper produced in US\$     | \$12,847                              | \$12,527                    | \$25,374  |
| Copper produced – pounds                 | 5,754                                 | 2,420                       | 8,174     |
| Cash cost per lb copper produced in US\$ | \$2.23                                | \$5.18                      | \$3.10    |

|  | Three Months Ended September 30, 2021 |                             |           |
|--|---------------------------------------|-----------------------------|-----------|
|  | Red Chris                             | Mount Polley <sup>(1)</sup> | Composite |
| Cash cost of copper produced in US\$     | \$10,007                              | \$ -                        | \$10,007  |
| Copper produced – pounds                 | 5,173                                 | -                           | 5,173     |
| Cash cost per lb copper produced in US\$ | \$1.93                                | \$ -                        | \$1.93    |

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

|  | Nine Months Ended September 30, 2022 |                             |           |
|--|--------------------------------------|-----------------------------|-----------|
|  | Red Chris                            | Mount Polley <sup>(1)</sup> | Composite |
| Cash cost of copper produced in US\$     | \$33,637                             | \$12,527                    | \$46,164  |
| Copper produced – pounds                 | 16,349                               | 2,420                       | 18,769    |
| Cash cost per lb copper produced in US\$ | \$2.06                               | \$5.18                      | \$2.46    |

|  | Nine Months Ended September 30, 2021 |                             |           |
|--|--------------------------------------|-----------------------------|-----------|
|  | Red Chris                            | Mount Polley <sup>(1)</sup> | Composite |
| Cash cost of copper produced in US\$     | \$35,332                             | \$ -                        | \$35,332  |
| Copper produced – pounds                 | 15,210                               | -                           | 15,210    |
| Cash cost per lb copper produced in US\$ | \$2.32                               | \$ -                        | \$2.32    |

<sup>(1)</sup> Mount Polley mine operations were suspended in May 2019, and the mine restarted operations in late June 2022.

For detailed information, refer to Imperial's 2022 Third Quarter Report available on [imperialmetals.com](http://imperialmetals.com) and [sedar.com](http://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**

Brian Kynoch | President | 604.669.8959

Darb Dhillon | Chief Financial Officer | 604.669.8959

## **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 and demand; fluctuation of revenues; potential development plans and mining methods at Red Chris and Mount Polley; progress and advancement of the exploration decline; expectations regarding care and maintenance activities at Huckleberry; expectations regarding metal production guidance and estimates; expectations and timing regarding current and future exploration and drilling programs; expectations regarding recovery, throughput and mined grades for copper and gold; and expectations regarding the usefulness of non-IFRS financial measures including adjusted net 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](http://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.