



Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2023 and 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation ("Imperial", the "Company", "we", "us" or "our") should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2023 (the "Interim Financial Statements"), as well as the audited consolidated financial statements and management's discussion & analysis for the year ended December 31, 2022. The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency of the Company is the Canadian ("CDN") Dollar.

This MD&A contains statements that may be considered forward-looking information, and therefore investors are directed to review the Forward-Looking Statements & Risks Notice within this MD&A.

Imperial is a Vancouver based mining company active in the acquisition, exploration, development, mining and production of base and precious metals. The Company owns the Mount Polley copper/gold mine and Huckleberry copper mine, and holds a 30% interest in the Red Chris copper/gold mine. Imperial also maintains a large portfolio of greenfield exploration properties. Management continues to evaluate various opportunities to advance many of these properties.

Imperial's principal business registered and records office address is Suite 200, 580 Hornby Street, Vancouver, British Columbia V6C 3B6 Canada. The Company was incorporated under the British Columbia *Company Act*.

The Company is listed on The Toronto Stock Exchange, and its shares trade as symbol III. At November 7, 2023, the Company had 161,871,341 common shares outstanding, and on a diluted basis 161,871,341 common shares outstanding.

Additional Company disclosure can be obtained from imperialmetals.com or sedarplus.ca.

SIGNIFICANT EVENTS AND LIQUIDITY

The Company's Interim Financial Statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course as they come due.

Significant events during the nine months period ended September 30, 2023

On January 9, 2023, the Company extended its credit facility, which had a maturity date of January 9, 2023, to February 28, 2023. On February 21, 2023, the Company extended its credit facility to February 21, 2024.

On March 1, 2023 the Company issued unsecured non-convertible debentures, with an aggregate principal amount of \$29.1 million on a non-brokered private placement basis. The debentures have a maturity date of March 1, 2024 and bear interest at a rate of 12% per annum, with interest paid semi-annually in cash, with the first payment due September 1, 2023.

On June 21, 2023 the Company issued unsecured non-convertible debentures, with an aggregate principal amount of \$34.5 million on a non-brokered private placement basis. The debentures have a maturity date of July 1, 2024 and bear interest at a rate of 12% per annum, with interest paid semi-annually in cash, with the first payment due January 1, 2024.

On August 31, 2023 the Company closed a non-brokered private placement of 7,000,000 common shares at \$2.40 per share for gross proceeds of \$16.8 million.

Subsequent to September 30, 2023, the Company reported the following:

On November 1, 2023, the Company issued unsecured non-convertible debentures, with an aggregate principal amount of \$20.0 million on a non-brokered private placement basis. The debentures have a maturity date of July 1, 2025 and bear interest at a rate of 12% per annum, with interest paid semi-annually in cash, with the first payment due May 1, 2024.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2022.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2022. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 - <i>tonnes</i>	1,560,270	984,814	4,380,748	984,814
Ore milled per calendar day - <i>tonnes</i>	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 - <i>000's pounds</i>	8,057	2,420	21,798	2,420
Gold - <i>ounces</i>	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

100% Red Chris mine production	Three Months Ended		Nine Months Ended	
	September 30		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 Ended September 30	
	2023	2022	2023	2022
Operations:				
Total revenues	\$78,485	\$41,688	\$256,910	\$111,197
Net loss	\$(2,911)	\$(27,943)	\$(26,213)	\$(64,143)
Net loss per share	\$(0.02)	\$(0.18)	\$(0.17)	\$(0.44)
Diluted loss per share	\$(0.02)	\$(0.18)	\$(0.17)	\$(0.44)
Adjusted net loss ⁽¹⁾	\$(2,955)	\$(27,990)	\$(26,266)	\$(76,450)
Adjusted net loss per share ⁽¹⁾	\$(0.02)	\$(0.18)	\$(0.17)	\$(0.52)
Adjusted EBITDA ⁽¹⁾	\$10,483	\$(13,035)	\$17,333	\$(49,365)
Cash earnings ⁽¹⁾⁽²⁾	\$9,841	\$(12,531)	\$16,515	\$(48,992)
Cash earnings per share ⁽¹⁾⁽²⁾	\$0.06	\$(0.08)	\$0.11	\$(0.33)
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

⁽¹⁾ Refer to table under heading *Non-IFRS Financial Measures* for further details.

⁽²⁾ 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.

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. Reconciliations are provided below.

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 as further detailed below.

Calculation of Adjusted Net Loss

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Net loss	\$(2,911)	\$(27,943)	\$(26,213)	\$(64,143)
Gain on disposal of mineral properties, net of tax	(3)	(41)	(7)	(12,306)
Foreign exchange gain on debt ⁽¹⁾	(41)	(6)	(46)	(1)
Total Adjusted Net Loss	\$(2,955)	\$(27,990)	\$(26,266)	\$(76,450)
Basic weighted average number of common shares outstanding	157,230,037	154,871,341	155,666,213	146,281,869
Total Adjusted Net Loss Per Share	\$(0.02)	\$(0.18)	\$(0.17)	\$(0.52)

⁽¹⁾ Non-current debt is recorded on the Company's Statement of Financial Position at the foreign exchange rate in effect on that date, with changes in foreign exchange rates, net of taxes, flowing through net loss. The amounts of non-current debt ultimately payable may be materially different than reflected in the financial statements due to foreign currency movements.

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 described in the following reconciliation table.

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.

Adjusted EBITDA is not a measurement of operating performance or liquidity under IFRS and should not be considered as a substitute for earnings from operations, net income or cash generated by operating activities computed in accordance with IFRS. Adjusted EBITDA has limitations as an analytical tool and therefore Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

A reconciliation of net loss to Adjusted EBITDA is as follows:

expressed in thousands of dollars	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Net loss	\$(2,911)	\$(27,943)	\$(26,213)	\$(64,143)
Adjustments:				
Income and mining tax (recovery) expense	(9,011)	1,861	(18,476)	(5,090)
Interest expense	8,700	2,353	22,089	4,866
Depletion and depreciation	12,379	10,650	35,986	29,771
Accretion of future site reclamation provisions	1,178	1,120	3,523	2,952
Share based compensation	233	47	357	141
Foreign exchange (gain) loss	(82)	(1,068)	76	(1,027)
Gain on disposal of mineral properties	(3)	(55)	(9)	(16,857)
Revaluation of marketable securities	-	-	-	22
Total Adjusted EBITDA	\$10,483	\$(13,035)	\$17,333	\$(49,365)

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.

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

	Three Months Ended		Nine Months Ended	
	2023	September 30 2022	2023	September 30 2022
Net loss	\$(2,911)	\$(27,943)	\$(26,213)	\$(64,143)
Items not affecting cash earnings:				
Deferred mining and income tax (recovery) expense	(9,326)	1,776	(19,226)	(5,142)
Interest expense	8,700	2,353	22,089	4,866
Depletion and depreciation	12,379	10,650	35,986	29,771
Accretion of future site reclamation provisions	1,178	1,120	3,523	2,952
Share based compensation	233	47	357	141
Unrealized foreign exchange (gain) loss	(409)	(479)	8	(602)
Gain on disposal of mineral properties	(3)	(55)	(9)	(16,857)
Revaluation of marketable securities	-	-	-	22
Total Cash Earnings	\$9,841	\$(12,531)	\$16,515	\$(48,992)
Basic weighted average number of common shares outstanding	157,230,037	154,871,341	155,666,213	146,281,869
Total Cash Earnings Per Share	\$0.06	\$(0.08)	\$0.11	\$(0.33)

Cash Cost Per Pound of Copper Produced

Management uses this non-IFRS financial measure to monitor operating costs and profitability. 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.

The cash cost per pound of copper produced is derived from the sum of cash production costs, transportation and offsite costs, treatment and refining costs, royalties, net of by-product and other revenues, divided by the number of pounds of copper produced during the period.

Cash costs of production include direct labour, operating materials and supplies, equipment and mill costs, and applicable overhead. Off-site costs include transportation, warehousing, marketing, related insurance and treatment and refining costs for smelting and refining concentrate.

Treatment and refining costs applicable to the concentrate produced during the period are calculated in accordance with the contracts the Company has with its customers.

By-product and other revenues represent (i) revenue calculated based on average metal prices for by-products produced during the period based on contained metal in the concentrate; and (ii) other revenues as recorded during the period.

Cost of sales, as reported on the consolidated statement of comprehensive loss, includes depletion and depreciation, and share based compensation, non-cash items. The resulting cash costs are different than the cost of production because of changes in inventory levels and therefore inventory and related transportation and offsite costs are adjusted from a cost of sales basis to a production basis. The cash costs for copper produced are converted to US\$ using the average US\$ to CDN\$ exchange rate for the period divided by the pounds of copper produced to obtain the cash cost per pound of copper produced in US\$.

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.

The following tables reconcile cost of sales as shown on the consolidated statement of comprehensive loss to the cash cost per pound of copper produced in US\$ for the three and nine months ended September 30, 2023 and 2022.

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	Mount Polley	Composite
	A	B	C=A+B
Cost of sales	\$38,258	\$39,745	\$78,003
Less:			
Depletion and depreciation	(8,381)	(3,737)	(12,118)
Share based compensation	-	(42)	(42)
Cash costs before adjustment to production basis	29,877	35,966	65,843
Adjust for inventory change	(860)	9,110	8,250
Adjust transportation and offsite costs	(55)	443	388
Adjust for other costs	-	(310)	(310)
Treatment, refining and royalty costs	2,950	2,530	5,480
By-product and other revenues	(7,434)	(28,931)	(36,365)
Cash cost of copper produced in CDN\$	\$ 24,478	\$18,808	\$43,286
US\$ to CDN\$ exchange rate	1.3410	1.3410	1.3410
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

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, 2022		
	Red Chris	Mount Polley	Composite
	A	B	C=A+B
Cost of sales	\$33,083	\$17,810	\$50,893
Less:			
Depletion and depreciation	(9,205)	(1,031)	(10,236)
Cash costs before adjustment to production basis	23,878	16,779	40,657
Adjust for inventory change	1,952	9,446	11,398
Adjust transportation and offsite costs	249	309	558
Adjust for other costs	-	534	534
Treatment, refining and royalty costs	2,340	597	2,937
By-product and other revenues	(11,643)	(11,307)	(22,950)
Cash cost of copper produced in CDN\$	\$16,776	\$16,358	\$33,133
US\$ to CDN\$ exchange rate	1.3058	1.3058	1.3058
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	Mount Polley	Composite
	A	B	C=A+B
Cost of sales	\$121,572	\$146,985	\$268,557
Less:			
Depletion and depreciation	(23,832)	(11,373)	(35,205)
Share based compensation	-	(129)	(129)
Cash costs before adjustment to production basis	97,740	135,483	233,223
Adjust for inventory change	(4,765)	919	(3,846)
Adjust transportation and offsite costs	(787)	111	(676)
Adjust for other costs	1,453	882	2,335
Treatment, refining and royalty costs	6,335	6,751	13,086
By-product and other revenues	(25,655)	(80,932)	(106,587)
Cash cost of copper produced in CDN\$	\$74,321	\$63,214	\$137,535
US\$ to CDN\$ exchange rate	1.3453	1.3453	1.3453
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

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, 2022		
	Red Chris	Mount Polley ⁽¹⁾	Composite
	A	B	C=A+B
Cost of sales	\$100,488	\$17,810	\$118,298
Less:			
Depletion and depreciation	(26,567)	(1,031)	(27,598)
Cash costs before adjustment to production basis	73,921	16,779	90,700
Adjust for inventory change	(3,324)	9,446	6,122
Adjust transportation and offsite costs	667	309	976
Adjust for other costs	(131)	534	403
Treatment, refining and royalty costs	6,003	597	6,600
By-product and other revenues	(33,979)	(11,307)	(45,286)
Cash cost of copper produced in CDN\$	\$43,157	\$16,358	\$59,514
US\$ to CDN\$ exchange rate	1.2830	1.3058	1.2830
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.

RESULTS FROM OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Overview

Revenues were \$78.5 million in the September 2023 quarter compared to \$41.7 million in the 2022 comparative quarter. 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.

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.

The average US/CDN Dollar exchange rate in the September 2023 quarter was 1.341 compared to an average of 1.306 in the 2022 comparative quarter.

Revenue

expressed in thousands of dollars

	Three Months Ended September 30	
	2023	2022
Revenue before revaluation	\$81,663	\$46,864
Revenue revaluation	(3,379)	(5,301)
Other revenue	201	125
	<u>\$78,485</u>	<u>\$41,688</u>

expressed in thousands of dollars, except quantity amounts

	Three Months Ended September 30, 2023		
	Red Chris Mine	Mount Polley Mine	Total
Sales			
Copper – 000's pounds	4,345	6,825	11,170
Gold – ounces	3,209	9,032	12,241
Silver – ounces	7,223	18,288	25,511
Revenue			
Copper	\$19,083	\$30,909	\$49,992
Gold	7,878	19,750	27,628
Silver	38	626	664
	<u>\$26,999</u>	<u>\$51,285</u>	<u>\$78,284</u>
Other revenue	-	-	201
Total Revenue	<u>\$26,999</u>	<u>\$51,285</u>	<u>\$78,485</u>

expressed in thousands of dollars, except quantity amounts

	Three Months Ended September 30, 2022		
	Red Chris Mine	Mount Polley Mine	Total
Sales			
Copper – 000's pounds	5,912	1,229	7,141
Gold – ounces	5,335	2,473	7,808
Silver – ounces	17,147	3,104	20,251
Revenue			
Copper	\$20,501	\$4,880	\$25,381
Gold	10,538	5,210	15,748
Silver	362	72	434
	\$31,401	\$10,162	\$41,563
Corporate	-	-	125
Total Revenue	\$31,401	\$10,162	\$41,688

During the September 2023 quarter, the Company sold 11.2 million pounds copper and 12,241 ounces of gold compared to 7.1 million pounds copper and 7,808 ounces of gold 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), Mount Polley had 1.2 concentrate shipments (2022-0.3 concentrate shipments).

The Company's revenue was derived primarily from the sale of copper and gold in concentrate from the Mount Polley and Red Chris mine. The Mount Polley mine accounted for 65% and Red Chris mine accounted for 34% of the Company's revenue in the period. Copper accounted for 64% and gold accounted for 35% of the Company's revenue during the September 2023 quarter (61% and 38% accordingly in September 2022 quarter).

Cost of Sales

expressed in thousands of dollars

	Three Months Ended September 30	
	2023	2022
Operating expenses	\$65,756	\$40,657
Stock based compensation	129	-
Depletion and depreciation	12,118	10,236
	\$78,003	\$50,893

Cost of sales for the September 2023 quarter was \$78.0 million compared to \$50.9 million in the 2022 comparative quarter, due to the following major factors:

- operating expenses for the September 2023 quarter were \$65.8 million compared to \$40.7 million in the September 2022 quarter; and
- depletion and depreciation for the September 2023 quarter was \$12.1 million compared to \$10.2 million in the September 2022 quarter.

Other Finance (Loss) Income

expressed in thousands of dollars

	Three Months Ended September 30	
	2023	2022
Accretion of future site reclamation provisions	\$(1,178)	\$(1,120)
Foreign exchange gain	82	1,068
	(1,096)	(52)
Interest income	603	177
Other finance (loss) income	\$(493)	\$125

Other finance loss totalled \$0.5 million in the September 2023 quarter compared to a finance income of \$0.1 million in the 2022 comparative quarter.

RESULTS FROM OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Overview

Revenues increased to \$256.9 million in the September 2023 period compared to \$111.2 million in the 2022 comparative period, an increase of \$145.7 million or 131%. Variations in revenue are impacted by the restart of 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.

Net loss for the September 2023 period was \$26.2 million (\$0.17 per share) compared to net loss of \$64.1 million (\$0.44 per share) in the 2022 comparative period. The decrease in net loss of \$37.9 million was primarily due to the following factors:

- Mine operations went from a loss of \$7.1 million in September 2022 period to a loss of \$11.6 million in September 2023 period, increasing net loss by \$4.5 million.
- Mount Polley restart costs went from \$64.9 million in September 2022 period to \$nil in September 2023 period, decreasing net loss by \$64.9 million.
- Idle mine costs went from \$4.5 million in September 2022 period to \$6.1 million in September 2023 period, increasing net loss by \$1.6 million.
- Gain on disposal of mineral properties went from \$16.9 million in September 2022 period to \$nil in September 2023 period, increasing net loss by \$16.9 million.
- Interest expenses increased from \$4.9 million in September 2022 period to \$22.1 million in September 2023 period, increasing net loss by \$17.2 million.
- Tax recovery was \$5.1 million in September 2022 period compared to \$18.5 million in September 2023 period, decreasing net loss by \$13.4 million.

The average US/CDN Dollar exchange rate in the September 2022 period was 1.345 compared to an average of 1.283 in the 2022 comparative period.

Revenue

expressed in thousands of dollars

	Nine Months Ended September 30	
	2023	2022
Revenue before revaluation	\$261,959	\$122,219
Revenue revaluation	(5,677)	(11,446)
Other revenue	628	424
	<u>\$256,910</u>	<u>\$111,197</u>

expressed in thousands of dollars, except quantity amounts

	Nine Months Ended September 30, 2023		
	Red Chris Mine	Mount Polley Mine	Total
Sales			
Copper – 000's pounds	12,529	21,307	33,836
Gold – ounces	11,121	30,748	41,869
Silver – ounces	23,743	54,937	78,680
Revenue			
Copper	\$56,474	\$98,240	\$154,714
Gold	27,552	72,030	99,582
Silver	322	1,664	1,986
	<u>\$84,348</u>	<u>\$171,934</u>	<u>\$256,282</u>
Other revenue	-	-	628
Total Revenue	<u>\$84,348</u>	<u>\$171,934</u>	<u>\$256,910</u>

expressed in thousands of dollars, except quantity amounts

	Nine Months Ended September 30, 2022		
	Red Chris Mine	Mount Polley Mine ⁽¹⁾	Total
Sales			
Copper – 000's pounds	16,628	1,229	17,857
Gold – ounces	14,852	2,473	17,325
Silver – ounces	47,689	3,104	50,793
Revenue			
Copper	\$68,303	\$4,880	\$73,183
Gold	31,165	5,210	36,375
Silver	1,143	72	1,215
	\$100,611	\$10,162	\$110,773
Corporate	-	-	424
Total Revenue	\$100,611	\$10,162	\$111,197

⁽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.

During the September 2023 period, the Company sold 33.8 million pounds copper and 41,869 ounces of gold compared to 17.9 million pounds copper and 17,325 ounces gold in the 2022 comparative period.

In the September 2023 period, the Red Chris mine had 9.4 concentrate shipments (2022-11.9 concentrate shipments), and the Mount Polley mine had 4.0 concentrate shipments (2022-0.3 concentrate shipments).

The Company's revenue was derived primarily from the sale of copper and gold in concentrate from the Red Chris and Mount Polley mine. The Mount Polley mine accounted for 67% and Red Chris mine accounted for 33% of the Company's revenue in the period. Copper accounted for 60% and gold accounted for 39% of the Company's revenue during September 2023 period (2022-66% and 33% accordingly).

Cost of Sales

expressed in thousands of dollars

	Nine Months Ended September 30	
	2023	2022
Operating expenses	\$233,223	\$90,700
Stock based compensation	129	-
Depletion and depreciation	35,205	27,598
	\$268,557	\$118,298

Cost of sales for the September 2023 period was \$268.6 million compared to \$118.3 million in the 2022 comparative period, due to the following major factors:

- operating expenses for the September 2023 period were \$233.2 million compared to \$90.7 million in the September 2022 period; and
- depletion and depreciation for the September 2023 period was \$35.2 million compared to \$27.6 million in the September 2022 period.

Interest Expense

expressed in thousands of dollars

	Nine Months Ended September 30	
	2023	2022
Interest on non-current debt	\$12,231	\$530
Other interest and financing fees	9,858	4,336
	\$22,089	\$4,866

Interest expense increased to \$22.0 million in the September 2023 period from \$4.9 million in the 2022 comparative period. This increase was primarily due to the issuance of debentures and increase in prime rate in comparison to September 2022 period.

Other Finance (Loss) Income

expressed in thousands of dollars

	Nine Months Ended September 30	
	2023	2022
Accretion of future site reclamation provisions	\$(3,523)	\$(2,952)
Foreign exchange loss	(76)	1,027
Fair value adjustment to marketable securities	-	(22)
	(3,599)	(1,947)
Interest income	1,305	492
Other finance loss	\$(2,294)	\$(1,455)

Other finance loss totalled \$2.3 million in the September 2023 period compared to \$1.5 million in the 2022 comparative period.

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2022. The capital structure of the Company consists of current and non-current debt and equity comprised of share capital, contributed surplus, currency translation adjustment and retained earnings.

LIQUIDITY & CAPITAL RESOURCES AND FINANCING

Credit Risk

The Company's credit risk is limited to cash, trade and other receivables, and future site reclamation deposits in the ordinary course of business. The credit risk of cash and future site reclamation deposits is mitigated by placing funds in financial institutions with high credit quality.

The Company sells to a limited number of traders and smelters. These customers are large and well-capitalized, and credit risk is considered to be minimal. The balance of trade receivables owed to the Company in the ordinary course of business is significant and the Company utilizes short term debt facilities with customers to reduce the net credit exposure.

From time to time the Company enters into derivative instruments with a number of counterparties to limit the amount of credit risk associated with any one counterparty. The Company did not enter into any derivative instruments during the quarter ended September 30, 2023.

Liquidity Risk

The Company has in place a rigorous planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. The Company ensures that in addition to cash balances there are sufficient committed credit facilities, including the advance payment facilities with its customers, to provide cash necessary to meet projected cash requirements.

At September 30, 2023, the Company had a working capital deficiency of \$153.0 million, including a cash balance of \$37.6 million which compares to a working capital deficiency of \$65.1 million, including cash balance of \$27.6 million at December 31, 2022.

The Company had a \$125.0 million revolving credit facility on September 30, 2023 (December 31, 2022-\$125.0 million). At September 30, 2023, a total of \$122.4 million of the revolving credit facility has been utilized, including banker's acceptances of \$108.0 million and \$14.4 million for letters of credit pledged for settlement of future site reclamation provisions, surety bonds and other obligations.

Cash balances on hand, the projected cash flow from the Company's 30% share of Red Chris mine, the projected cash flow from the restart of the Mount Polley mine and the available credit facility are expected to be sufficient to fund the Company's ongoing operating obligations as they come due. The Company will be required to raise additional funds for capital projects through such methods as additional equity, additional debt and the monetization of assets.

The Company holds mineral properties and marketable securities. While these may be convertible to cash, they are not considered when assessing the Company's liquidity as they are part of the risk management program of the Company, long-term strategic holdings, or are only convertible to cash over a longer time horizon if realizable values exceed management's assessment of fair value, respectively. Therefore, as part of the Company's planning, budgeting and liquidity analysis process, these items are not relied upon to provide operational liquidity.

Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company, although the Company considers this risk low as described in the *Credit Risk* section above.

The following is an aging of the Company's obligations as of September 30, 2023:

expressed in thousands of dollars	Within					Total
	1 Year	2 Years	3 Years	4 Years	5 years	
Trade and other payables	\$75,702	\$214	\$232	\$250	\$2,611	\$79,009
Short term debt	125,695	-	-	-	-	\$125,695
Current portion of non-current debt	73,920	-	-	-	-	\$73,920
Non-current debt	-	3,875	1,609	87,318	2	\$92,804
Total	\$275,317	\$4,089	\$1,841	\$87,568	\$2,613	\$371,428

Currency Risk

Financial instruments that impact the Company's net income (loss) and comprehensive income (loss) due to currency fluctuations include US dollar denominated cash, trade, and other accounts receivable, reclamation deposits, trade and other payables and debt. If the US dollar had been 10% higher/lower and all other variables were held constant, net income (loss) and comprehensive income (loss) for the nine months ended September 30, 2023 would have been higher/lower by \$874 million.

Cash Earnings

Cash earnings was \$9.8 million in the September 2023 quarter compared to negative \$(12.5) million in the 2022 comparative quarter. Refer to *Cash Earnings and Cash Earnings Per Share* under *Non-IFRS Financial Measures* for further details.

Working Capital

At September 30, 2023, the Company had a working capital deficiency of \$153.0 million, including a cash balance of \$37.6 million and \$199.6 million of current debt which compares to a working capital deficiency of \$65.1 million, including cash balance of \$27.5 million at December 31, 2022, which included \$108.6 million of current debt.1

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totaled \$39.8 million in the September 2023 quarter compared to \$41.2 million in the September 2022 quarter.

expressed in thousands of dollars	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Capital and Development Expenditures				
Red Chris	\$15,076	\$19,256	\$48,023	\$62,275
Mount Polley	12,799	8,128	26,263	15,553
Huckleberry	171	1,657	171	2,042
	<u>28,046</u>	<u>29,041</u>	<u>74,457</u>	<u>79,870</u>
Exploration Expenditures				
Red Chris	10,898	11,924	29,855	31,892
Mount Polley	249	10	1,334	62
Huckleberry	391	129	486	226
Other	163	150	422	486
	<u>11,701</u>	<u>12,213</u>	<u>32,097</u>	<u>32,666</u>
Total additions	\$39,747	\$41,254	\$106,554	\$112,536

CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. At the reporting date, none of such claims and legal proceedings are considered probable of resulting in a material loss or judgment against the Company.

DERIVATIVE INSTRUMENTS

In the past, the Company has utilized a variety of derivative instruments including the purchase of puts, forward sales, currency swaps and the use of min/max zero cost collars. The Company's income or loss from derivative instruments may be very volatile from period to period as a result of changes in the copper and gold prices and US/CDN exchange rates compared to the copper and gold prices and US/CDN exchange rate at the time when these contracts were entered into; or the latest balance sheet date and the type and length of time to maturity of the contracts.

The Company had no derivative instruments for copper, gold, or foreign exchange at September 30, 2023 or at the date of this document, other than those embedded in revenue contracts for provisional pricing.

DEBT AND OTHER OBLIGATIONS

At September 30, 2023, the Company's debt was comprised of \$108.0 million drawdown of banker's acceptances, \$155.4 million of debentures, \$17.7 of advanced development loan, equipment loans and leases denominated in both US\$/CDN\$ with a balance of \$11.3 million. Detailed disclosure on the Company's debt including amounts owed, interest rates and security can be found in Note 7 and 8 of the Interim Financial Statements.

Interest Rate Risk

The Company is exposed to interest rate risk on its credit facilities. The Company monitors its exposure to interest rates and is comfortable with its current exposure. The Company has not entered into any derivative contracts to manage this risk. If interest rates had been 100 basis points higher/lower on the Company's floating rate debt and all other variables were held constant, the amount of interest expense in the nine months ended September 30, 2023 would have increased/decreased by \$658.

Off-Balance Sheet Arrangements

At September 30, 2023, the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Other Price Risks

The Company is exposed to equity price risk arising from marketable securities. Marketable securities are classified as held for trading because the Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities.

SELECT QUARTERLY FINANCIAL INFORMATION

Unaudited - expressed in thousands of dollars,
except per share amounts, prices, and exchange rates

	Three Months Ended			
	September 30 2023	June 30 2023	March 31 2023	December 31 2022
Total revenues	\$78,485	\$85,761	\$92,664	\$61,600
Net loss	\$(2,911)	\$(16,049)	\$(7,253)	\$(11,832)
Basic loss per share	\$(0.02)	\$(0.10)	\$(0.05)	\$(0.08)
Diluted loss per share	\$(0.02)	\$(0.10)	\$(0.05)	\$(0.08)
Adjusted net loss ⁽¹⁾	\$(2,955)	\$(16,056)	\$(7,255)	\$(19,148)
Adjusted net loss per share ⁽¹⁾	\$(0.02)	\$(0.10)	\$(0.05)	\$(0.12)
Adjusted EBITDA ⁽¹⁾	\$10,483	\$927	\$5,923	\$(13,766)
Cash earnings ⁽¹⁾	\$9,841	\$1,270	\$5,404	\$(3,881)
Cash earnings per share ⁽¹⁾	\$0.06	\$0.01	\$0.03	\$(0.03)
Average LME copper price/lb in US\$	\$3.79	\$3.85	\$4.05	\$3.63
Average LBMA gold price/troy oz in US\$	\$1,929	\$1,978	\$1,888	\$1,729
Average US\$/CDN\$ exchange rate	1.341	1.343	1.352	1.358
Period end US\$/CDN\$ exchange rate	1.352	1.324	1.353	1.354

	September 30	June 30	March 31	December 31
	2022	2022	2022	2021
Total revenues	\$41,688	\$36,383	\$33,126	\$29,262
Net loss	\$(27,943)	\$(29,275)	\$(6,925)	\$(14,681)
Basic loss per share	\$(0.18)	\$(0.21)	\$(0.05)	\$(0.10)
Diluted loss per share	\$(0.18)	\$(0.21)	\$(0.05)	\$(0.10)
Adjusted net loss ⁽¹⁾	\$(27,990)	\$(29,706)	\$(18,754)	\$(12,016)
Adjusted net loss per share ⁽¹⁾	\$(0.18)	\$(0.21)	\$(0.13)	\$(0.08)
Adjusted EBITDA ⁽¹⁾	\$(13,035)	\$(22,950)	\$(13,380)	\$(7,497)
Cash earnings ⁽¹⁾	\$(12,531)	\$(23,130)	\$(13,331)	\$(7,374)
Cash earnings per share ⁽¹⁾	\$(0.08)	\$(0.16)	\$(0.09)	\$(0.05)
Average LME copper price/lb in US\$	\$3.51	\$4.32	\$4.53	\$4.40
Average LBMA gold price/troy oz in US\$	\$1,729	\$1,873	\$1,874	\$1,795
Average US\$/CDN\$ exchange rate	1.306	1.277	1.266	1.260
Period end US\$/CDN\$ exchange rate	1.371	1.289	1.250	1.268

⁽¹⁾ Refer to tables under heading *Non-IFRS Financial Measures* for details of the calculation of these amounts.

The financial information for each of the most recently completed eight quarters has been prepared in accordance with IFRS other than in respect of the non-IFRS financial measures described in more detail under *Non-IFRS Financial Measures*.

Variations in the quarterly results are impacted by two primary factors:

- Fluctuations in revenue are due to the timing of shipping schedules and quantities of copper and gold sold on each ship, production volumes at the mines, changes in the price of copper, gold and the US/CDN exchange rate.
- Fluctuations in net income (loss) are due to the revenue changes described above and realized and unrealized gains/losses on derivative instruments based on movements in the reference item hedged, changes in foreign exchange rates on US\$ denominated debt, changes in production cost inputs and changes in tax rates.

In addition to the variations in quarterly results caused by the primary factors discussed above the following periods had non-recurring transactions that further impacted net income (loss):

- (a) The primary reason for the decrease in net loss in the March 2022 quarter compared to the December 2021 quarter was due to the gain realized on the disposal of mineral properties. Compared to the March 2021 quarter, net loss increased primarily due to lower tax recovery in the current year quarter.
- (b) The primary reason for the increase in net loss in the June 2022 quarter compared to the March 2022 quarter was due to the gain realized on the disposal of mineral properties in the March 2022 quarter.
- (c) The primary reason for the decrease in net loss in the September 2022 quarter compared to the June 2022 quarter was due to a decrease in restart costs for Mount Polley in the September 2022 quarter. Compared to the September 2021 quarter, net loss increased primarily due to the restart costs for Mount Polley in the current year quarter.
- (d) The primary reason for the decrease in net loss in the December 2022 quarter compared to the September 2022 quarter was due to Mount Polley returning to full operations. Compared to the December 2021 quarter, net loss decreased primarily due to a \$10.0 million settlement which was received from insurance underwriters.
- (e) The primary reason for the decrease in net loss in the March 2023 quarter compared to the December 2022 quarter was due to increased revenue at the Mount Polley mine. Compared to March 2022, net loss increased due to higher operating costs at Red Chris.
- (f) The primary reason for the increase in net loss in the June 2023 quarter compared to the March 2023 quarter was due to decrease in revenue at the Mount Polley mine, increase in operating costs in the Red Chris mine and an increase in interest expense.
- (g) The primary reason for the decrease in net loss in the September 2023 quarter compared to the June 2023 quarter was due to a decrease in operating costs at both Red Chris and Mount Polley.

RELATED PARTY TRANSACTIONS

Corporate

Related party transactions with a joint venture, a significant shareholder, companies controlled by a significant shareholder, companies in which directors are owners, and with the Company's directors and officers are as follows:

expressed in thousands of dollars

Statements of Financial Position

	September 30 2023	December 31 2022
Debentures (Note 8)	\$121,560	\$76,295
Advanced Development Loan (Note 7)	\$17,695	-
Interest accrued	\$2,704	\$1,055
Equipment rental trade receivables from Red Chris Joint Venture	\$75	\$109

Statements of Loss and Comprehensive Loss

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Equipment rental and revenue from Red Chris Joint Venture	\$192	\$125	\$616	\$424
Credit facility arrangement guarantee and standby fee	\$378	\$378	\$1,122	\$1,168
Interest expense	\$3,481	\$265	\$8,045	\$265

The Company incurred the above transactions and balances in the normal course of operations.

Compensation of Directors and Key Management Personnel

The remuneration of the Company's directors and other key management personnel \$591 and \$1,419 for the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022-\$372 and \$1,131).

COMMUNICABLE DISEASE DISCLOSURE

On March 11, 2020, the World Health Organization declared the rapidly spreading coronavirus 2019-nCoV ("COVID-19") outbreak as a global pandemic. Since then, the Company has closely monitored developments of the COVID-19 outbreak and has implemented preventive measures to ensure the safety of our workforce and local communities. Throughout the COVID-19 pandemic and as it subsides, mining operations at Red Chris, the Company's various exploration activities, the care and maintenance of Mount Polley and subsequent restart; and the care and maintenance at Huckleberry have been conducted under strict guidance and directives of federal, provincial and regional health authorities. To date, there have been no significant disruptions to production, to the shipment of concentrate or to the supply chain. Changes have been implemented to our business and how we operate in order to minimize the risks to our employees, communities and other stakeholders.

The Company actively responded to the COVID-19 pandemic at operations controlled by the Company through a variety of means such as:

- restricting travel,
- shifting employees to remote work arrangements wherever possible, including at the corporate office,
- implementing and promoting preventative measures in place at all operations, including social distancing and frequent handwashing,
- adhering to the most up to date guidance from governments and public health authorities in each jurisdiction in which we operate,
- implementing enhanced cleaning and disinfecting protocols, and
- restricting employees with any potential symptoms of COVID-19 from attending Company facilities.

The Company holds a 30% interest in the Red Chris mine through our wholly owned subsidiary. Newcrest Mining Limited ("Newcrest") holds a 70% interest through its wholly owned subsidiary and is the project operator. The Company understands Newcrest has implemented a communicable disease management plan to support the broader Health Medical Services Plan ("HMSP") which must meet guidance from the following:

- the "Health and Medical Services Plan Best Management Guide for Industrial Camps" (NHA, March 2015, or as updated or replaced from time to time),
- the "Communicable Disease Management Guide: Best Practices for Industrial Work Settings" (NHA, 2023, or as updated and replaced from time to time), and
- the "Health and Safety During the Opioid Overdose Emergency: Northern Health's Recommendations for Industrial Camps" (NHA, 2018, or as updated and replaced from time to time).

The objectives of the HMSP are the following:

- maintaining high standards of camp hygiene,
- ensuring workers have an opportunity to consult a health professional and arrange for symptomatic worker testing when recommended by the Medical Health Officer ("MHO") or medical professional,
- establishing a plan for ready access to, the medical, nursing and allied professional support necessary to support the management by public health of cases, clusters and outbreaks of communicable diseases among workers,
- developing procedures for the isolation of a worker exposed to, or with a confirmed or suspected case of communicable disease and ensuring that a worker in isolation has the supplies, support and services the worker needs,
- reporting of cases, clusters or outbreaks of communicable diseases and related information to the MHO and working with the MHO to deal with the situation, and
- facilitating access to a vaccination program.

Many of the protocols and practices established during the operations response to COVID-19 remain in place or have been tailored to achieve the broader objectives, including:

- providing the opportunity for all employees, contractors, and visitors to be vaccinated with an approved vaccine through the work camp vaccination program,
- maintaining hygienic practices: mask wearing when symptomatic, hand washing to minimize spread of communicable disease,
- increased medical personnel on-site and providing enhanced medical service on site and supporting local Tahltan communities,
- providing regular written and verbal communication updates to employees on all sites, particularly on personal hygiene practices and general well being practices,
- maintain business continuity plans and contingencies in the event of a significant number of operational employees and contractors being exposed or contracting a communicable disease to minimize disruptions to operations, and
- establishing and maintaining an emergency management team of key management at site level.

The Company also understands that the Tahltan Central Government and Tahltan Bands are supportive of Newcrest's implementation of this program and its proactive protection and support of the communities.

As Newcrest is the operator of the Red Chris mine, the preventative measures implemented with respect to the project lie outside the direct control of the Company. Any violations to acts and regulations may have an adverse impact on the Company.

Despite the uncertainties and changes relating to the COVID-19 pandemic, and current market conditions, we remain confident in the long-term outlook for our major commodities. However, the extent to which the COVID-19 pandemic impacts the Company's business, including exploration, development and production activities and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the COVID-19 outbreak.

The resumption of normal operating activities is highly dependent on the progression of the pandemic and the success of measures taken to prevent transmission, which will influence when health and government authorities remove various restrictions on our business activities. Even as the COVID-19 pandemic subsides, we may continue to experience material adverse impacts to our business as a result of its global economic impact, including any related recession.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. At the end of the period covered by this MD&A, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this MD&A, the disclosure controls were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and disclosure controls and procedures. The Company's internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of the assets of the Company
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Interim Financial Statements.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting at September 30, 2023. In making this assessment, management used the criteria set forth in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of September 30, 2023, the Company's internal control over financial reporting were effective.

Following the sale of a 70% interest in the Red Chris mine to Newcrest on August 15, 2019, the Company's management has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of the Red Chris mine, in which the Company now holds a 30% beneficial interest and is proportionately consolidated in the Company's Interim Financial Statements. As the minority partner in the Red Chris Joint Venture, the Company's management does not have the ability to dictate or modify controls at this entity and does not have the ability to assess, in practice, the controls at the entity. The Red Chris Joint Venture constitutes 90.5% of the Company's net assets, 63.9% of total assets, 32.8% of revenues of the Interim Financial Statement amounts as of and for the period ended September 30, 2023. The Red Chris Joint Venture is not a taxable entity as each joint venture participant calculates its own income taxes on their share of income from the joint venture. The Company's share of the Red Chris Joint Venture's pre-tax loss totalled \$28.2 million and \$49.9 million for the three and nine months period ended September 30, 2023.

Limitations

The Company's management believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well designed and operated, can only provide reasonable and not absolute assurance that the objectives of the control system are met. Therefore, even those systems determined effective cannot provide absolute assurance that all control issues and instances of fraud within the Company, if any, have been prevented or detected.

RISK FACTORS

The Company's business involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in this MD&A and the Interim Financial Statements of the Company. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition, results of operations and cash flow would suffer.

FORWARD-LOOKING STATEMENTS & RISKS NOTICE

This MD&A is a review of the Company's operations and financial position, as at and for the three and nine months period ended September 30, 2023, and plans for the future based on facts and circumstances as of November 7, 2023.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking information which is prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "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", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this MD&A includes, without limitation, statements regarding: future impacts of the COVID-19 pandemic; the ability to continue operations in lieu of the COVID-19 pandemic; changes to the Company's business and operations in order to minimize the risks to employees, communities and other stakeholders; the effectiveness of preventative measures put in place by the Company and Newcrest, including the implementation of a communicable disease management plan; potential impact of violations to acts and regulations with respect to such preventative measures; expectations regarding the care and maintenance activities at the Huckleberry mine; expectations and timing regarding current and future exploration and drilling programs; 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 continued increase in metal production due to higher grades and throughput; the removal of the Mount Polley mine tailings from the Springer Pit; capital expenditures; adequacy of funds for projects and liabilities; expectations regarding the issuances of non-convertible debentures including with respect to the date of maturity, interest payable and timing thereof; outcome and impact of litigation; potential claims and probability of material loss or judgment against the Company; cash flow; working capital requirements; the requirement for additional funding for capital projects; the ability for the Company to continue as a going concern, including sufficient funding of the Company's obligations as they come due; results and targets of operations, production, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates, including its impact on derivative instruments; volatility of the Company's income or loss from derivative instruments; liquidation of marketable securities; and the use of non-IFRS financial measures including adjusted net loss, adjusted EBITDA, cash earnings and cash cost per pound of copper.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including, but not limited to, assumptions that: the scope and duration of the COVID-19 pandemic and its impact on our business will not be significant and the Company's operations will be able to return to normal as the COVID-19 pandemic subsides; the Company will have access to capital as required and will be able to fulfill its funding obligations as the Red Chris minority joint venture partner; there are risks related to holding non-majority investment interests in the Red Chris mine Joint Venture; the Company will be able to advance and complete remaining planned rehabilitation activities within expected timeframes; there will be no significant delay or other material impact on the expected timeframes or costs for completion of rehabilitation of the Mount Polley and Huckleberry mines; the Company's rehabilitation activities at Mount Polley and Huckleberry will be successful in the long term; all required permits, approvals and arrangements to proceed with planned rehabilitation at Huckleberry will be obtained in a timely manner; there will be no material operational delays at the Red Chris and Mount Polley mines; equipment will operate as expected; there will not be significant power outages; there will be no material adverse change in the market price of commodities and exchange rates; and the Red Chris and Mount Polley mines will achieve expected production outcomes (including with respect to mined grades and mill recoveries and access to water as needed). Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. We can give no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause Imperial's actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements constituting forward-looking information.

Important risks that could cause Imperial's actual results, revenues, performance or achievements to differ materially from Imperial's expectations include, among other things: the risk that the Company's beneficial interest of the Red Chris mine may be diluted over time should it not have access to capital as required and will not be able to meet its funding obligations as the Red Chris minority joint venture partner; additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; risks relating to the timely receipt of necessary approvals and consents to proceed with the rehabilitation plan at Huckleberry; risks relating to mining operations and mine restart timelines; uncertainty regarding general economic conditions; uncertainty regarding the short-term and long-term impact of the COVID-19 pandemic on the Company's operations and investments and on the global economy and metals prices generally; risks relating to the potential ineffectiveness of the measures taken in response to the COVID-19 pandemic and other communicable diseases; risks associated with competition within the mining industry; the Company's dependency on third party smelters; risks relating to trade barriers; the quantum of claims, fines and penalties that may become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risks of protesting activity and other civil disobedience restricting access to the Company's properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest, power outages, and natural phenomena such as weather conditions and water shortages negatively impacting the operation of the Red Chris and Mount Polley mines; changes in commodity and power prices; changes in market demand for our concentrate; risks that the COVID-19 pandemic may adversely affect copper and gold prices, impact our ability to transport or market our concentrate, cause disruptions in our supply chains and create volatility in commodity prices and demand; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); uncertainty relating to mineral resource and mineral reserve estimates; uncertainty relating to production estimates; risks associated with mineral exploration and project development; fluctuations in exchange rates and interest rates; risks associated with permitting and government regulations; environmental and health and safety matters; risks relating to joint venture projects; risks relating to foreign operations; dependence on key management personnel; taxation risk; conflicts of interest; cyber threats; credit risk related to cash, trade and other receivables, and future site reclamation deposits; risks relating to the use of derivative contracts and other hazards and risks disclosed within the MD&A for the year ended December 31, 2022 and other public filings which are available on Imperial's profile at [sedarplus.ca](https://www.sedarplus.ca). For the reasons set forth above, investors should not place undue reliance on forward-looking information. Imperial does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

TECHNICAL INFORMATION

The technical and scientific information in this MD&A 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.

ADDITIONAL INFORMATION

Additional information about Imperial, including the Company's Financial Statements and Annual Information Form, are available on Imperial's profile at [sedarplus.ca](https://www.sedarplus.ca).



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