2011 FIRST QUARTER REPORT

TO OUR SHAREHOLDERS

Imperial's comparative financial results for the three months ended March 31, 2011 and March 31, 2010 are summarized below and discussed in detail in the Management's Discussion and Analysis. The Company's results are now being prepared in accordance with International Financial Reporting Standards ("IFRS"). Our accounting policies have changed and the presentation, financial statement captions and terminology used differ from that used in all previously issued financial statements and quarterly and annual reports. The new policies have been consistently applied to all of the years presented and all prior period information has been restated or reclassified for comparative purposes. Further details on the conversion to IFRS are provided in the notes to our unaudited condensed consolidated interim financial statements as at and for the quarter ended March 31, 2011.

	Three Months Ended Mar 31	
in thousands except per share amounts	2011	2010
Revenues	$97,180	$69,320
Income from mine operations	$36,277	$16,296
Net Income (Loss)	$19,753	$(1,687)
Net Income (Loss) Per Share	$0.54	$(0.05)
Adjusted Net Income (1)	$12,995	$7,654
Adjusted Net Income Per Share (1)	$0.35	$0.22
Cash Flow (1)	$35,337	$16,715
Cash Flow Per Share (1)	$0.96	$0.48

Revenues were $97.2 million in the March 2011 quarter compared to $69.3 million in the 2010 quarter. The March 2011 quarter includes two concentrate shipments from the Mount Polley mine and three concentrate shipments from the Huckleberry mine, compared to two concentrate shipments from each mine in the comparative quarter. Variations in quarterly revenue attributed to the timing of concentrate shipments can be expected in the normal course of business.

Income before taxes for the three months ended March 2011 increased to $34.1 million from $2.0 million in the March 2010 quarter. The Company recorded a net income of $19.8 million in the March 2011 quarter compared to net loss of $1.7 million in the 2010 quarter. Adjusted net income in the quarter was $13.0 million or $0.35 per share, versus $7.7 million or $0.22 per share in the March 2010 quarter. Adjusted net income is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from mark to market revaluation of copper and foreign exchange derivative instruments and removing the unrealized share based compensation expense, net of taxes. Adjusted net income is not a term recognized under IFRS in Canada however, it does show the current period financial results excluding the effect of items not settling in the current period.

Gains on derivative instruments were $2.8 million in the March 2011 quarter compared to losses of $1.1 million in the March 2010 quarter including unrealized net gains on copper and currency derivatives of $9.2 million in the March 2011 quarter compared to unrealized gains of $0.4 million in the March 2010 quarter. The Company realized losses of $6.4 million on copper and currency derivatives in the March 2011 quarter compared to losses of $1.5 million in the March 2010 quarter.

Cash flow increased to $35.3 million in the March 2011 quarter compared to $16.7 million in the 2010 quarter. The $18.6 million increase is primarily the result of improved operating margins resulting from substantially higher copper prices partially offset by the effect of the weaker US dollar and higher sales volumes from the Mount Polley and Huckleberry mines.

Capital expenditures increased to $11.2 million from $9.4 million in the comparative 2010 quarter. Expenditures in the March 2011 quarter were financed from cash flow from the Mount Polley and Huckleberry mines. At March 31, 2011 the Company had $41.4 million in cash, cash equivalents and short term investments.

During the March 2011 quarter the Company did not purchase any common shares for cancellation.

(1) Adjusted Net Income, Adjusted Net Income Per Share, Cash Flow and Cash Flow Per Share are measures used by the Company to evaluate its performance; however, they are not terms recognized under IFRS in Canada. Adjusted Net Income is defined as net income adjusted for certain items of a non-operational nature that pertain to future periods as described in further detail in the Management's Discussion and Analysis under the heading Adjusted Net Income. Cash Flow is defined as cash flow from operations before net change in working capital balances. Adjusted Net Income and Cash Flow Per Share are the same measures divided by the weighted average number of common shares outstanding during the period. *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.*

Mount Polley Mine

Production	Three Months Ended March 31	
	2011	2010
Ore milled (tonnes)	1,714,950	1,824,269
Ore milled per calendar day (tonnes)	19,055	20,270
Grade % - copper	0.279	0.318
Grade g/t - gold	0.260	0.306
Recovery % - copper	58.50	62.20
Recovery % - gold	64.30	71.20
Copper (lbs)	6,163,206	7,945,511
Gold (oz)	9,232	12,769
Silver (oz)	22,815	32,524

Mill throughput averaged 19,055 tonnes per day for the March 2011 quarter as adverse winter weather conditions impacted the plant more than the mild winter conditions seen in the March 2010 quarter. With the lower through-put copper grade and copper recovery, copper production for the March 2011 quarter was 6.1 million pounds, a decrease of 1.8 million pounds from the March 2010 quarter total of 7.9 million pounds. Production is expected to increase in the 2011 second quarter as weather conditions improve, and grades increase as mining moves deeper in the phase three pushback of the Springer pit. In April 2011 through-put increased to 22,087 tonnes per day, grades increased to 0.292% copper, and approximately 2.4 million pounds of copper were produced. Shipments of magnetite began in the February 2011 quarter, and to the end of April 2011, approximately 10,000 tonnes of dense media magnetite was shipped.

Surface and underground drilling were conducted during the March 2011 quarter with 40 holes drilled from surface in the WX/C2/Cariboo and Boundary areas, and 16 holes from underground in the Boundary zone. Exploration expenditures at Mount Polley were $3.0 million in the March 2011 quarter compared to $1.1 million in the March 2010 quarter. Two surface drills and an underground drill are on site, with surface drilling focused on the WX/C2/Cariboo area and the underground drill delineating the Boundary zone.

The wholly owned Mount Polley open pit copper/gold mine is located 56 kilometres northeast of Williams Lake, British Columbia.

Huckleberry Mine

Production	Three Months Ended March 31	
(100% - Imperial owns 50%)	2011	2010
Ore milled (tonnes)	1,360,100	1,368,600
Ore milled per calendar day (tonnes)	15,112	15,206
Grade (%) – copper	0.477	0.376
Grade (%) – molybdenum	0.008	0.008
Recovery (%) – copper	92.3	91.0
Copper (lbs)	13,194,000	10,326,000
Gold (oz)	877	716
Silver (oz)	74,064	47,819
Molybdenum (lbs)	6,929	21,793

Copper production was up to 13.2 million pounds compared to 10.3 million in the March 2010 quarter, as high grade was mined from the lower benches of the Main Zone Extension pit. Copper recovery was excellent at 92.3%. Quarterly production at Huckleberry is expected to decline as low grade stockpiles will provide the majority of feed for the remainder of 2011.

Work continues on the feasibility study for expansion of the Main Zone pit. The study is expected to be completed this summer. The plan could potentially add eight years to Huckleberry’s mine life. Imperial owns 50% of the Huckleberry open pit copper/molybdenum mine located 123 kilometres southwest of Houston, British Columbia.

Red Chris

At Red Chris, exploration drilling continued to target mineralization deep beneath the proposed open pit outline. The current drill program was completed on May 7, 2011 and drilling has now been suspended. A total of 9 deep drill holes totalling 11,650.2 metres and 15 geotechnical drill holes totalling 807.8 metres were completed during the quarter.

The Red Chris copper/gold property in northwest British Columbia is 80 kilometres south of Dease Lake and 18 kilometres southeast of the village of Iskut.

Sterling

Underground development work continued with 235.3 metres of development completed in the March 2011 quarter. Sixty percent of the development was in mineralized zones, with 65.0 metres on the 3180 East level and 70.1 metres on the 3220 level. Samples of run of mine mineralization were collected and are being tested on site to determine expected heap leach recovery. On-site column testing to date indicated a gold recovery of 75% would be expected from run of mine material from the 144 zone.

The Sterling gold property is located 185 kilometres northwest of Las Vegas, Nevada.

Ruddock Creek

At the Ruddock Creek property, underground development and drilling continued with 257.0 metres of ramp drilling, and 36 holes totaling 6,950.3 metres of underground drilling, being completed in the March 2011 quarter.

The Ruddock Creek zinc/lead property is located 155 kilometres northeast of Kamloops in the Script Range of the Monashee Mountains of southeast British Columbia.

Outlook

At current metal prices it is expected to generate sufficient cash flow to fund the Company's exploration and development plans. The Company expects to continue to utilize short term debt facilities to manage its day to day financing needs, but is looking at alternatives to secure debt financing that will be required to fund 2012 and 2013 construction costs for the Red Chris project.

Exploration activities at Red Chris will be scaled back this year as the focus shifts to permitting, engineering and procurement for the development of a 30,000 tonne per day mine at Red Chris.

Underground development and drilling will continue to define and expand resources at the Sterling and Ruddock properties.

The feasibility study of a plan to dramatically extend the life of Huckleberry mine is expected to be completed this summer. Indications are the plan could extend the mine life by eight years, from 2013 to 2021.

The underground drill results from Mount Polley to date, have confirmed the presence of excellent grades over mineable widths. When all the results from this current drill program have been received, a test stope will be planned and conducted to collect information required to make a decision to develop and underground mine at Mount Polley.

Brian Kynoch
President

Management's Discussion & Analysis

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation (the "Company") should be read with the unaudited Condensed Consolidated Interim Financial Statements for the period ended March 31, 2011 ("Interim Financial Statements"), as well as the audited Consolidated Financial Statements and MD&A for the year ended December 31, 2010.

The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standard 1, "First-time Adoption of International Financial Reporting Standards", and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. Previously, the Company prepared its Interim and Annual Consolidated Financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP").

FORWARD-LOOKING STATEMENTS AND RISKS NOTICE

This Management's Discussion and Analysis is a review of the Company's operations and financial position as at and for the period ended March 31, 2011, and plans for the future based on facts and circumstances as of May 26, 2011. Except for statements of historical fact relating to the Company, including our 50% interest in Huckleberry, certain information contained herein constitutes forward-looking statements. When we discuss: mine plans; our costs and timing of current and proposed exploration; development; production and marketing; capital expenditures; the construction of the Northwest Transmission Line; cashflow; working capital requirements; and the requirement for additional capital; operations; revenue; margins and earnings; future prices of copper and gold; future foreign currency exchange rates; future accounting changes; future prices for marketable securities; future resolution of contingent liabilities; or other things that have not yet happened in this review we are making statements considered to be *forward-looking information* or *forward-looking statements* under Canadian and United States securities laws. We refer to them in this review as *forward-looking information.*

The forward-looking information in this review typically includes words and phrases about the future, such as: *plan, expect, forecast, intend, anticipate, estimate, budget, scheduled, believe, may, could, would, might, will.* We can give no assurance that the forward-looking information will prove to be accurate. It is based on a number of assumptions management believes to be reasonable, including but not limited to: the continued operation of the Company's mining operations, no material adverse change in the market price of commodities and exchange rates, that the mining operations will operate and the mining projects will be completed in accordance with their estimates and achieve stated production outcomes, volatility in the Company's share price and such other assumptions and factors as set out herein.

It is also subject to risks associated with our business, including but not limited to: risks inherent in the mining and metals business; commodity price fluctuations and hedging; competition for mining properties; sale of products and future market access; mineral reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; foreign activities; legal proceedings; and other risks that are set out in our annual information form and below.

If our assumptions prove to be incorrect or risks materialize, our actual results and events may vary materially from what we currently expect as set out in this review.

We recommend that you review our annual information form and this Management's Discussion and Analysis, which include a discussion of material risks that could cause actual results to differ materially from our current expectations. Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

OVERVIEW

Revenues were $97.2 million in the three months ending March 31, 2011 compared to $69.3 million in the comparative 2010 quarter. The increase is due to substantially higher copper prices partially offset by the effect of the weaker US dollar and higher sales volumes. The March 2011 quarter includes two concentrate shipments from Mount Polley mine and three concentrate shipments from Huckleberry mine, compared to two concentrate shipments from each mine in the comparative quarter.

The London Metals Exchange cash settlement copper price per pound averaged US$4.38 in the 2011 period compared to US$3.29 in the 2010 period. The US Dollar compared to the CDN Dollar averaged about 5% lower in the 2011 period than in the 2010 period. In CDN Dollar terms the average copper price in the 2011 period was 27% higher than the 2010 period.

Revenue in the first quarter of 2011 was decreased by a $1.0 million negative revenue revaluation compared to a positive $1.9 million revenue revaluation in the first quarter of 2010. Negative revenue revaluations are the result of the copper price on the settlement date and/or the current period statement of financial position being lower than when the revenue was initially recorded or the copper price at the last statement of financial position.

The income for the Company is reported under IFRS for the first time this quarter. While the conversion did not have a significant impact on the Company's net income, certain line items formerly disclosed under CGAAP have been reclassified within the income statement for the current and comparative quarter. Notes 16, 17, and 18 of the Interim Financial Statements contain details of the components.

Income from mine operations increased to $36.3 million from $16.3 million in 2010 as result of higher contribution margins from mine operations and sales volumes.

Net income for the period ended March 31, 2011 was $19.8 million ($0.54 per share) compared to net loss of $1.7 million ($0.05 per share) in 2010. The increase is primarily due to a decrease of $9.3 million in share based compensation expense over the comparative quarter. Until May 18, 2010 option based awards were valued under the intrinsic method where a liability and related expense were revalued at each statement of financial position to reflect changes in the market price of the Company's common shares. As a result of a change in accounting policy, subsequent to May 18, 2010, option grants were valued using the Black-Scholes fair value pricing model. Refer to Note 15 (b) of the Interim Financial Statements for further details of the accounting policy change. As a result, the share based compensation expense is not comparable between quarters.

In addition, income was positively impacted in the current quarter due to net realized and unrealized gains on financial instruments of $2.8 million compared to a net loss of $1.1 million in the comparative quarter.

Adjusted net income in the three months ended March 31, 2011 was $13.0 million ($0.35 per share) compared to $7.7 million ($0.22 per share) in the March 2010 period. Adjusted net income is calculated by removing the gains or losses, net of related income taxes, resulting from mark to market revaluation of copper and foreign exchange derivative instruments not related to the current period, removing the unrealized share based compensation expense, net of taxes, as further detailed on the following table.

Calculation of Adjusted Net Income	Three Months Ended March 31	
[expressed in thousands of Canadian dollars, except share amounts]	2011	2010
Net income (loss) as reported	$19,753	$(1,687)
Unrealized gain on derivative instruments, net of tax (a)	(6,758)	(328)
Unrealized share based compensation expense, net of tax (b)	-	9,669
Adjusted Net Income (c)	$12,995	$7,654
Adjusted Net Income Per Share (c)	$0.35	$0.22

(a) Derivative financial instruments are recorded at fair value on the statement of financial position, with changes in the fair value, net of taxes, flowing through net income (loss). The amounts ultimately realized may be materially different than reflected in the financial statements due to changes in prices of the underlying copper and foreign exchange hedged.

(b) Effective with the June 30, 2007 quarter until May 19, 2010, the Company's employee stock option plan provided for a cash payment option. Accordingly, the intrinsic value of the outstanding vested options was recorded as a liability on the Company's statement of financial position and quarterly changes in the intrinsic value, net of taxes, flowed through net income during that time period. No tax recovery is recorded effective December 31, 2009 due to changes in legislation regarding the expected deductibility of this expense. As further described under the heading Share Based Compensation Expense, the Company changed its method of accounting for share based compensation in the second quarter of 2010 and therefore there is no adjustment to net income subsequent to May 19, 2010.

(c) Adjusted net income and adjusted net income per share are not terms recognized under IFRS in Canada, however it does show the current year's financial results excluding the effect of items not settling in the current year. 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.

Cash flow increased to $35.4 million in the three months ended March 31, 2011 from $16.7 million in the comparative 2010 quarter. The $18.7 million increase is primarily the result of increased operating margins at Mount Polley and Huckleberry mines due to higher sales volumes and higher copper prices which were partially offset by a weaker US dollar. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS in Canada. Cash flow is defined as cash flow from operations before the net change in non-cash working capital balances. The Company believes cash flow is useful to investors and it is one of the measures used by management to assess the financial performance of the Company.

Capital expenditures in the March 2011 period were $11.2 million, up from $9.4 million in the March 2010 period. Expenditures in both the 2011 and 2010 quarters were primarily financed by cash flow from the Mount Polley and Huckleberry mines. At March 31, 2011 the Company had $41.4 million (2010-$25.6 million) in cash and cash equivalents and short term investments, inclusive of the Company's share of cash and cash equivalents of Huckleberry of $40.8 million (2010-$26.6 million).

Derivative Instruments

In the three month period ending March 31, 2011 the Company has no derivative instruments related to gold or silver, only copper and the CDN/US Dollar exchange rate. During the current period the Company recorded gains of $2.8 million on derivative instruments, primarily for copper, compared to losses of $1.1 million in 2010. These gains and losses result from the mark to market valuation of the derivative instruments based on changes in the price of copper and the CDN/US Dollar exchange rate. These amounts include realized losses of $6.4 million in 2011 and $1.5 million in 2010. The Company does not use hedge accounting therefore accounting rules require that derivative instruments be recorded at fair value on each statement of financial position, with the adjustment resulting from the revaluation being charged to the statement of income in finance costs as a gain or loss.

The Company utilizes a variety of derivative instruments including the purchase of puts, forward sales and the use of min/max zero cost collars. Imperial's income or loss from derivative instruments may be very volatile from period to period as a result of changes in the copper price and exchange rates compared to the copper price and exchange rate at the time when these contracts were entered into and the type and length of time to maturity of the contracts.

Derivative instruments for Mount Polley cover about 55% of copper settlements through April 2012 via min/max zero cost collars. For Huckleberry derivative instruments include puts, forwards and min/max zero cost collars extending out to July 2012 covering about 97% of copper settlements in the period.

At March 31, 2011 the Company has unrealized losses on its derivative instruments. This represents a decrease in fair value of the derivative instruments from the dates of purchase to March 31, 2011.

The Company has granted security to certain derivative instrument counterparties to cover potential losses in excess of the credit facilities granted by the counterparties. At March 31, 2011 the Company had $5.3 million on deposit with counterparties.

During the year ended December 31, 2008 a portion of the Company's derivative instruments were with Lehman Brothers Commodity Services Inc. ("LBCS"), a subsidiary of Lehman Brothers Holdings Inc. ("Lehman"). Both LBCS and Lehman filed for bankruptcy protection and as a result of the uncertainty regarding the timing of, and the ultimate recovery of the LBCS derivatives totaling $28.3 million (US$21.9 million), the Company made a provision for the full amount of the LBCS derivatives in 2008.

During the last quarter of 2010 the Company's claims were confirmed by the Trustee for LBCS and Lehman at US$18.5 million. There is an active market for LBCS claims and the Company could monetize the contingent gain however management's intention is continue to hold the claims as it expects this will provide a higher recovery than selling the claims. Claim buyers are offering to purchase the claims at between 65% and 70% of the US$18.5 million claim amount. The Company would have recognized gains in 2008 and 2009 on these derivative instruments of $8.2 million (US$7.0 million) if LBCS and Lehman had not filed for bankruptcy and settled the derivative instruments in the normal course.

The amount ultimately recovered by the Company on the LBCS derivatives will depend on the ability of the Trustee to generate sufficient cash to pay the liabilities of LBCS and Lehman.

Share Based Compensation Expense

From June 13, 2007 until May 18, 2010 all option holders had the right, in lieu of receiving common shares, to receive a cash payment from the Company equal to the difference between the exercise price of each stock option and the market price of the Company's common shares on the date of exercise. This option balanced the need for a long term compensation program to retain employees and the concerns of shareholders regarding the dilution caused by the exercise of stock options. As a result of the right of option holders to receive a cash payment, IFRS require a liability and related expense to be recorded for the intrinsic value of the stock options. Payments made to option holders by the Company prior to March 5, 2010 were deductible for income tax purposes. The liability associated with the Company's stock options were revalued quarterly to reflect changes in the market price of the Company's common shares and the vesting of additional stock options. The net change, net of taxes, was recognized in net income for the quarter.

Changes to tax legislation in the March 2010 quarter for the deductibility of option payments impacted the option holders exercise method, removing all associated tax benefits to the Company related to share based compensation expense.

On May 19, 2010 the shareholders of the Company approved an amendment to the Company's outstanding Share Option Plans removing the right of all option holders, in lieu of receiving common shares, to receive a cash payment from the Company equal to the difference between the exercise price of each stock option and the market price of the Company's common shares on the date of exercise. As a result of this change to the Share Option Plans, IFRS results in the transfer of the liability that was recorded for the intrinsic value of the stock options to share option reserve. The basis for the future share based compensation expense for any unvested options outstanding at May 19, 2010 was set as the greater of the intrinsic value of the options outstanding at May 19, 2010 and the fair value determined using the Black-Scholes option pricing model.

The share based compensation expense resulting from the fair value of options granted after May 19, 2010 is based on the Black-Scholes option pricing model. The determination of expected volatility contained in the option pricing model is based on subjective assumptions which can materially affect the fair value estimate of the options at the date of grant.

Due to the change in the method of accounting for the options, the share based compensation expense is not directly comparable between years.

The reporting currency of the Company is the CDN Dollar.

DEVELOPMENTS DURING THE MARCH 2011 QUARTER

General

In US Dollars, copper prices were 34% higher in the March 2011 quarter than in the comparative 2010 period, averaging about US$4.38/lb compared to US$3.29/lb. The US Dollar continued to decline against the CDN Dollar during the three months ending March 31, 2011. Factoring in the decrease in the average exchange rate, the price of copper averaged CDN$4.32/lb, about 27% higher than the March 2010 quarter average of CDN$3.41/lb.

Mount Polley

Mill throughput averaged 19,055 tonnes per day for the March 2011 quarter as adverse winter weather conditions impacted the plant more than the mild winter conditions seen in the March 2010 quarter. With the lower through-put copper grade and copper recovery, copper production for the March 2011 quarter was 6.1 million pounds, a decrease of 1.8 million pounds from the March 2010 quarter total of 7.9 million pounds. Production is expected to increase in the 2011 second quarter as weather conditions improve, and grades increase as mining moves deeper in the phase three pushback of the Springer pit. In April 2011 through-put increased to 22,087 tonnes per day, grades increased to 0.292% copper, and approximately 2.4 million pounds of copper were produced. Shipments of magnetite began in the February 2011 quarter, and to the end of April 2011, approximately 10,000 tonnes of dense media magnetite was shipped.

Two surface drills and an underground drill are on site, with surface drilling focused on the WX/C2/Cariboo area and the underground drill delineating the underground Boundary zone. Surface and underground drilling were conducted during the March 2011 quarter with 40 holes drilled from surface in the WX/C2/Cariboo and Boundary areas, and 16 holes from underground in the Boundary zone.

Exploration expenditures at Mount Polley were $3.0 million in the March 2011 quarter compared to $1.1 million in the March 2010 quarter.

Huckleberry Mine

Copper production was up to 13.2 million pounds compared to 10.3 million in the March 2010 quarter, as high grade was mined from the lower benches of the Main Zone Extension pit. Copper recovery was excellent at 92.3%. Quarterly production at Huckleberry is expected to decline as low grade stockpiles will provide the majority of feed for the remainder of 2011.

Work continues on the feasibility study for expansion of the Main Zone pit. The study is expected to be completed this summer. The plan could potentially add eight years to Huckleberry's mine life.

The financial results from Huckleberry continue to have a significant impact on Imperial's results. Imperial's share of Huckleberry's income from mine operations was $24.5 million in the March 2011 quarter compared to $8.6 million in the March 2010 quarter. Huckleberry's income increased due to higher sales volumes and higher copper prices.

Note 22 to the Interim Financial Statements of the Company for the three months ended March 31, 2011 discloses information on the impact of Huckleberry operations on the financial position and results of operations of Imperial.

Red Chris

Exploration and development expenditures at Red Chris were $3.4 million in the March 2011 quarter compared to $2.8 million in the March 2010 quarter.

At Red Chris, exploration drilling continued to target mineralization deep beneath the proposed open pit outline. The current drill program was completed on May 7, 2011 and drilling has now been suspended. A total of 9 deep drill holes totalling 11,650.2 metres and 15 geotechnical drill holes totalling 807.8 metres were completed during the quarter.

Sterling

Exploration and development expenditures at Sterling were $1.1 million in the March 2011 quarter compared to $0.3 million in the March 2010 quarter.

Underground development work continued with 235.3 metres of development completed in the March 2011 quarter. Sixty percent of the development was in mineralized zones, with 65.0 metres on the 3180 East level and 70.1 metres on the 3220 level. Samples of run of mine mineralization were collected and are being tested on site to determine expected heap leach recovery. On-site column testing to date indicated a gold recovery of 75% would be expected from run of mine material from the 144 zone.

Ruddock Creek

At the Ruddock Creek property, underground development and drilling continued with 257.0 metres of ramp drilling, and 36 holes totaling 6,950.3 metres of underground drilling, being completed in the March 2011 quarter.

ACCOUNTING POLICIES AND ESTIMATES

Adoption of International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. The three months ended March 31, 2011 is the Company's first reporting period under IFRS.

The Company's IFRS accounting policies are provided in Note 2 to the Interim Financial Statements. In addition, Note 28 to the Interim Financial Statements details the Company's application of certain optional exemptions and certain mandatory exceptions for first time IFRS adoption under IFRS 1, First-Time Adoption of International Financial Reporting Standards as well as reconciliations between the Company's 2010 previous CGAAP results and the 2010 IFRS results. The reconciliations include the Consolidated Statement of Financial Position as at January 1, 2010, March 31, 2010 and December 31, 2010 and Consolidated Statement of Income and Comprehensive Income, Changes in Shareholders' Equity and Statement of Cash Flows for the three months ended March 31, 2010 and for the twelve months ended December 31, 2010.

The following provides summary reconciliations of the Company's 2010 previous CGAAP and IFRS results along with a discussion of the significant IFRS accounting policy changes.

Financial Impacts on IFRS Transition

As a result of the policy choices selected and the changes required to be made under IFRS, the Company has recorded a reduction in the shareholders' equity of approximately $7.6 million as at January 1, 2010. The following table summarizes the adjustments to the shareholders' equity on adoption of IFRS on January 1, 2010 and at March 31, 2010 and December 31, 2010 for comparative purposes:

	January 1 2010	March 31 2010	December 31 2010
	(000's)	*(000's)*	*(000's)*
Shareholders' Equity under Canadian GAAP	$234,112	$248,159	$308,806
Increase (Decrease) to Shareholder' Equity:			
Foreign Currency Translation	(999)	(1,402)	(1,680)
Future Site Reclamation Provisions	(5,325)	(5,247)	(4,579)
Mineral Properties	(856)	(33)	2,906
Debt Component of Convertible Debentures	(57)	-	-
Deferred Income Taxes	(401)	(634)	(1,406)
Total IFRS adjustments to Shareholders' Equity	(7,638)	(7,316)	(4,759)
Shareholders' Equity under IFRS	$226,474	$240,843	$304,047

As a result of the policy choices selected and changes required to be made under IFRS, the Company recorded an increase in net income of $0.8 million for the three months ended March 31, 2010 and $3.1 million for the year ended December 31, 2010. The following table summarizes the adjustments to net income for the three months ended March 31, 2010 and the year ended December 31, 2010 under IFRS:

	Three Months Ended March 31, 2010	Year Ended December 31, 2010
	(000's)	*(000's)*
Net (Loss) Income under Canadian GAAP	$(2,489)	$35,323
Increase (Decrease) to Net (Loss) Income:		
Cost of Sales	545	4,079
Interest Accretion on Future Site Reclamation Provisions	78	310
Share Based Compensation	-	(573)
Depletion and Depreciation	278	(317)
Interest Accretion on Convertible Debt	61	61
Foreign Exchange	73	61
Future site reclamation recovery	-	436
Income Tax	(233)	(1,005)
Total IFRS Adjustments to Net Income	802	3,052
Net (Loss) Income under IFRS	(1,687)	38,375
Currency Translation Adjustment under IFRS	(476)	(742)
Comprehensive Net (Loss) Income under IFRS	$(2,163)	$37,633

Financial Statement Presentation Changes

The transition to IFRS has resulted in numerous financial statement presentation changes in the Company's Interim Financial Statements, most significantly on the consolidated statement of income and comprehensive income. The changes are reclassifications within the statement and do not impact net income. The following is a summary of the significant changes to the Company's consolidated statement of income and comprehensive income:

- Expenses by function – the Company's statement of income and comprehensive income presents expenses by function. Accordingly, items such as depletion and depreciation, share based compensation and foreign exchange losses are no longer presented as separate items on the statement of income and comprehensive income but are included in cost of sales and general and administration costs.
- Finance costs includes costs previously listed separately on the statement of income and comprehensive income such as realized and unrealized gains or losses on derivative instruments, accretion of future site reclamation provisions, interest on non-current debt, other interest, and foreign exchange gains and losses on debt.

RESULTS OF OPERATIONS FOR 2011 COMPARED TO 2010

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the three months ended March 31, 2011 and the audited consolidated financial statements of the Company for the year ended December 31, 2010.

Financial Results

Overview
Revenues increased to $97.2 million for the three months ended March 31, 2011 from $69.3 million in the three months ended March 31, 2010. The increase is due to substantially higher copper prices partially offset by the effect of the weaker US dollar and higher sales volumes. The March 2011 quarter includes two concentrate shipments from Mount Polley mine and three concentrate shipments from Huckleberry mine, compared to two concentrate shipments from each mine in the comparative quarter.

Net income for the three months ended March 31, 2011 was $19.8 million ($0.54 per share) compared to net loss of $1.7 million ($0.05 per share) in the comparative period. In addition to the improved margins from mine operations largely from higher copper prices and higher sales volumes, the increase to net income was positively impacted by a decrease of $9.3 million in share based compensation expense over the comparative quarter. This significant decrease is a result of a change in the valuation of option based awards to the Black-Scholes fair value pricing model reflected in the current quarter from the intrinsic method used during the comparative quarter. In addition, income was positively impacted in the current quarter due to net realized and unrealized gains on financial instruments of $2.8 million compared to a net loss of $1.1 million in the comparative quarter.

The financial results of the Company are closely tied to the profitability of the Mount Polley and Huckleberry mines. The Mount Polley mine contributed $11.8 million to Imperial's income from mine operations in the March 2011 period compared to $7.7 million in the 2010 period. Imperial's share of Huckleberry's income from mine operations was $24.5 million in the March 2011 period compared to $8.6 million operating income in the comparative 2010 period. Higher copper prices and higher sales volumes increased operating margins.

Imperial had $2.8 million in gains on derivative instruments in the March 2011 period compared to losses of $1.1 million in the March 2010 period. These derivative instruments were put in place to provide some protection to cash flow against declines in the price of copper and the US/CDN Dollar exchange rate.

Cost of Sales
Cost of sales were $60.9 million in the March 2011 period comprised of $45.3 million from Mount Polley and $15.6 million representing the Company's 50% share of Huckleberry. This compares to $53.0 million in the March 2010 period, comprised of $39.8 million from Mount Polley and $13.2 million from Huckleberry. The increase is due to higher sales volumes, increased ocean freight, fuel, consumables and payroll costs.

Component of Cost of Sales
The depletion and depreciation component of cost of sales increased to $7.7 million in the March 2011 period from $5.7 million in the 2010 period due primarily to an increase in depletable assets.

General and Administration Costs
General and administration expense decreased to $4.9 million in the March 2011 period from $13.2 million in the March 2010 period primarily due to a $9.3 million decrease in share based compensation.

Until May 19, 2010 the amount of share based compensation expense was determined primarily by the changes in the price of the Company's shares which increased markedly during 2009 and into 2010 resulting in a significant expense. Subsequent to May 19, 2010 the expense is based on the amortization of the amounts as determined by the Black-Scholes option pricing model.

The average CDN/US Dollar exchange rate of 0.986 in the March 2011 period was significantly lower than the average of 1.040 in the March 2010 period. During the March 2011 quarter the CDN/US Dollar exchange rate was on a decreasing trend going from 0.9946 to 0.9718 resulting in a $1.9 million foreign exchange loss being recorded in the March 2011 quarter. Foreign exchange losses of $1.1 million were recorded in the March 31, 2010 quarter as the CDN/US Dollar exchange rate was on a decreasing trend from 1.047 to 1.016. These losses are attributable to holding US Dollar denominated cash, accounts receivable and accounts payable. These net US Dollar asset and liability balances are the result of the operations at Mount Polley and Huckleberry mines.

Finance Costs
Finance costs decreased from $1.2 million in the March 2010 quarter to an income of $2.7 million in the March 2011 quarter. The inclusion of gains and losses on derivative instruments results in large variances in finance costs depending on the gains and losses on derivative instruments.

During the three months ended March 31, 2011 the Company entered into additional derivative instrument contracts for the sale of copper to provide some protection to the Company's cash flow against declines in the price of copper. None of the Company's contracts qualify for hedge accounting and therefore the Company marks to market the unrealized gains and losses on all its contracts. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous quarters, due to changes in copper price and foreign exchange rate, resulted in a gain of $2.8 million during the three months ended March 31, 2011 compared to a loss of $1.1 million in 2010.

The unrealized net losses on the derivative instrument contracts outstanding at March 31, 2011 was $6.3 million compared to unrealized losses of $9.3 million at March 31, 2010. The ultimate gain or loss on these contracts will be determined by the copper prices and CDN/US Dollar exchange rates in the periods when these contracts settle.

In the March 2010 quarter the Company recorded foreign exchange gains of $0.5 million in debt compared to $0.1 million in the March 2011 quarter.

Income and Mining Taxes
Income and mining taxes expense was $14.3 million in the March 2011 period compared $3.7 million in the March 2010 period. Current cash income taxes, excluding mineral taxes, in the current period were $9.7 million compared to $6.1 million in the comparative 2010 period. As a result of improved mine operating profits, a total of $0.9 million expense was recorded for mineral taxes payable to the Province of British Columbia in the March 2011 period compared to $0.4 million in the March 2010 period. Deferred income taxes of $3.8 million in a non-cash item was recorded in the March 2011 period compared to a recovery of $2.8 million in the comparative period when there was a significant reversal of temporary differences related to future tax assets and liabilities.

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 2010.

The capital structure of the Company consists of short term debt, credit facilities, including credit facilities with counterparties related to derivative instruments, non-current debt and equity attributable to common shareholders, comprised of share capital, share option reserve and retained earnings.

The Company is in compliance with the debt covenants related to its short term debt, credit facilities with counterparties, and non-current debt.

LIQUIDITY & CAPITAL RESOURCES

Credit Risk

The Company's credit risk is limited to cash and cash equivalents, short term investments, trade and other receivables, future site reclamation deposits and derivative instruments in the ordinary course of business. The credit risk of cash and cash equivalents, short term investments 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 smelters and traders. These customers are large, well capitalized and diversified multinationals, 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 often utilizes short term debt facilities with customers to reduce the net credit exposure.

The Company enters into derivative instruments with a number of counterparties. The credit risks associated with these counterparties was previously thought to be minimal because of their strong capital base, diversity and multinational operations. However, the bankruptcy of one of the Company's counterparties, Lehman Brothers Commodity Services Inc. in the fourth quarter of 2008 demonstrated that counterparty risk increased at that time. Changes in Government regulations and intervention by Governments in the financial sector since that time have mitigated the risk to some extent.

The Company's credit risk has not changed significantly since December 31, 2010.

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. Based on current plans and assumptions, the Company expects to have sufficient cash resources to support its normal operating requirements on an ongoing basis. The Company's primary sources of credit are short term debt secured by accounts receivables and concentrate inventory, and a $25.0 million line of credit with a financial institution.

The amount of cash currently generated by the Company's operations may not be sufficient to fund projected levels of exploration and development activity and associated overhead costs. The Company may then be dependant upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available on terms acceptable to the Company or at all.

The Company also holds derivative instruments, its investment in Huckleberry, mineral property holdings 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. The Company does not hold any asset backed commercial securities.

The Company's overall liquidity risk continues to improve on the strength of higher copper prices and resulting increase in cash flow and cash balances. Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

Currency Risk

Financial instruments that impact the Company's net income and comprehensive income due to currency fluctuations include US dollar denominated cash and cash equivalents, short term investments, trade and other receivables, derivative instrument assets and margin deposits, reclamation deposits, trade and other payables, derivative instrument liabilities, and short term debt.

Cash Flow

The Company recorded net income of $19.8 million in the three months ended March 31, 2011 compared to net loss of $1.7 million in the March 2010 period. Cash flow was $35.3 million in the March 2011 period compared to cash flow of $16.7 million in the comparative period. The $18.6 million increase is primarily the result of higher copper prices and higher sales volumes in 2011. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS and may not be comparable to similar measures used by other companies. Cash flow is defined as cash flow from operations before the net change in working capital balances.

Working Capital

At March 31, 2011 the Company had working capital, defined as current assets less current liabilities of $92.0 million, an increase of $20.4 million from working capital of $71.6 million at December 31, 2010. The March 31, 2011 working capital position reflects the repayment of short term debt and a reduction of derivative instrument liabilities from December 31, 2010.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totalled $11.2 million in the March 2011 period compared to $10.2 million in the March 2010 period. All acquisition and development expenditures in 2011 and 2010 were financed from cash flow from operations.

Capital and development expenditures for Mount Polley, Huckleberry, Red Chris and Sterling were $4.9 million in the March 2011 period compared to $7.1 million in the March 2010 period. The 2011 expenditures at Mount Polley included $3.1 million for ongoing capital to maintain and extend productive capacity, tailings dam construction and completion of a magnetite recovery circuit down from $4.8 million in 2010. The 2011 expenditures at Huckleberry were $0.4 million for ongoing capital projects compared to $0.9 million in 2010. Development expenditures at Red Chris totalled $1.1 million in the March 2011 period compared to $1.4 million in the March 2010 period.

Exploration expenditures were $6.2 million in the March 2011 period compared to $3.1 million in the March 2010 period. In the current period, Mount Polley exploration drilling and costs for and underground ramp into the Boundary zone was $3.0 million, Red Chris drilling was $2.2 million and underground exploration work at Sterling was $1.0 million. In the March 2010 period, Mount Polley exploration drilling was $1.1 million, Red Chris drilling was $1.4 million and underground exploration work at Sterling was $0.3 million.

DEBT AND OTHER OBLIGATIONS

Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding borrowings and short term investments. Presently, the majority of the Company's outstanding borrowings are at floating interest rates. 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.

Select use of short term debt from purchasers of the Company's concentrate and short term advances from the line of credit facility provided working capital to meet day to day cash requirements.

In the March 2010 quarter the Company entered into a $12.0 million line of credit facility with a bank to assist with working capital requirements and in August this facility was increased to $25.0 million. The facility is due on demand, secured by accounts receivable and inventory and is subject to maintenance of certain financial covenants.

The Company's convertible debentures were all converted in the March 2010 quarter. They were converted into common shares of the Company at the option of the holder at a conversion price of $8.65 per common share.

The Company had the following contractual obligations as of March 31, 2011:

[expressed in thousands of dollars]	2011	2012	2013	2014	2015	Total
Non-current debt	$1,108	$840	$208	$ -	$ -	$2,156
Operating leases	521	175	64	53	31	844
Capital expenditures and other	3,000	3,000	3,150	-	-	9,150
Mineral properties (1)	286	482	564	585	622	2,539
Total	$4,915	$4,497	$3,986	$638	$653	$14,689

(1) Mineral property commitments are the estimated payments required to keep the Company's claims or option agreements in good standing. Total is to the year 2015 only.

On February 4, 2011 the Company and American Bullion Minerals Ltd. ("ABML") signed a definitive agreement under which the Company, subject to shareholder and regulatory approval and satisfaction of certain conditions precedent, would acquire all of the issued and outstanding common shares of ABML not currently owned by the Company for consideration of about $22.0 million payable in cash. On April 12, 2011 this agreement was modified and the consideration increased to about $24.0 million.

Subsequent to March 31, 2011 the Company entered into two agreements to purchase various mill and mobile mining equipment at a cost of US$18.0 million. A deposit of US$3.6 million was paid on signing the agreements with US$13.9 million due on June 23, 2011 and US$0.5 million due on August 31, 2011.

Based on current plans and assumptions, the Company expects to have sufficient cash resources to support its normal operating requirements on an ongoing basis. The Company expects to continue to utilize short term debt facilities to manage its day to day financing needs. The Company is looking at alternatives to secure debt financing that will be required to fund 2012 and 2013 construction costs for the Red Chris project.

As at March 31, 2011 the Company did not have any financing arrangements not reflected in the statement of financial position 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. The Company was exposed to equity price changes with respect to its share based compensation liabilities to May 19, 2010 however, because of changes to the option plans this is no longer the case subsequent to that date. As a result of the change to the Company's option plan, the Company's sensitivity to equity prices has decreased significantly.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as held for trading securities) is based on quoted market prices at the statement of financial position. The quoted market price used for financial assets held by the Company is the current bid price. The quoted market price used for financial liabilities owed by the Company is the current ask price.

The fair value of derivative instrument assets and liabilities are determined by the counterparties using standard valuation techniques for these derivative instruments.

The carrying value less impairment provision, if necessary, of trade receivables and trade and other payables are assumed to approximate their fair values. Management believes that the carrying value of short and non-current debt approximates fair value. Although the interest rates and credit spreads have changed since the non-current debt was issued the fixed rate portion of the non-current debt is close to maturity, will not be refinanced and therefore the carrying value is not materially different from fair value.

SELECTED QUARTERLY FINANCIAL INFORMATION

[expressed in thousands of dollars, except share amounts, copper price and exchange rates]

				Three Months Ended
	March 31 2011	December 31 2010	September 30 2010	June 30 2010
Total Revenues	$97,180	$55,039	$68,477	$53,435
Net Income	$19,753	$19,230	$7,236	$13,596
Income per share (1)	$0.54	$0.52	$0.20	$0.38
Diluted Income per share (1)	$0.53	$0.51	$0.19	$0.37
Adjusted Net Income (2)	$12,995	$23,161	$13,065	$1,815
Adjusted Net Income per share(1) (2)	$0.35	$0.63	$0.36	$0.05
Cash Flow (3)	$35,337	$25,491	$27,079	$8,504
Cash Flow per share (1) (3)	$0.96	$0.71	$0.74	$0.23
Average LME cash settlement copper price/lb in US$	$4.378	$3.917	$3.285	$3.188
Average US/CDN$ exchange rate	$0.986	$1.012	$1.039	$1.028
Period end US/CDN$ exchange rate	$0.972	$1.005	$1.030	$1.061

				Three Months Ended
	March 31 2010	December 31 2009(4)	September 30 2009(4)	June 30 2009(4)
Total Revenues	$69,320	$63,559	$53,788	$48,897
Net Income (Loss)	$(1,687)	$(3,403)	$4,544	$(6,562)
Income (Loss) per share (1)	$(0.05)	$(0.10)	$0.14	$(0.20)
Diluted Income (Loss) per share (1)	$(0.05)	$(0.10)	$0.14	$(0.20)
Adjusted Net Income (2)	$7,654	$13,857	$13,399	$2,757
Adjusted Net Income per share(1) (2)	$0.22	$0.42	$0.42	$0.09
Cash Flow (3)	$16,715	$18,525	$15,856	$15,484
Cash Flow per share (1) (3)	$0.48	$0.57	$0.49	$0.48
Average LME cash settlement copper price/lb in US$	$3.286	$3.011	$2.649	$2.121
Average US/CDN$ exchange rate	$1.040	$1.056	$1.097	$1.167
Period end US/CDN$ exchange rate	$1.016	$1.047	$1.072	$1.163

(1) The sum of the quarterly net income per share, adjusted net income per share and cash flow per share may not equal the annual total due to timing of share issuances during the year.

(2) Adjusted Net Income is defined as net income adjusted for certain items of a non-operational nature that pertain to future periods as described in further detail under the heading Adjusted Net Income.

(3) Cash flow and cash flow per share are measures used by the Company to evaluate its performance however, they are not terms recognized under IFRS and are therefore unlikely to be comparable to similar measures used by other companies. Cash flow is defined as cash flow from operations before net change in working capital balances and cash flow per share is the same measure divided by the weighted average number of common shares outstanding during the period.

(4) Information for 2009 is presented in accordance with Canadian GAAP and was not required to be restated to IFRS.

The Company believes these measures in (2) and (3) are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.

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

Fluctuations in revenue are due to the timing of shipping schedules and quantities loaded onto each ship, production volumes at the mines, changes in the price of copper, gold and the US/Cdn Dollar exchange rate.

Fluctuations in net income 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 production cost inputs, changes in tax rates and valuation allowances related thereto and movements in share based compensation during the periods to May 19, 2010 during which share based compensation was impacted by movements in the Company's share price.

RELATED PARTY TRANSACTIONS

Corporate

Details on related party transactions can be found in Note 23 to the Interim Financial Statements for the quarter ended March 31, 2011.

OTHER

As of May 26, 2011 the Company had 36,910,691 common shares outstanding, and on a diluted basis 38,750,192 common shares outstanding. Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

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. As at the end of the period covered by this management's discussion and analysis, 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 management's discussion and analysis, 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 evaluated the design and operational effectiveness of its internal control and procedures over financial reporting as defined under National Instrument 52-109. 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 Huckleberry Mines Ltd. ("Huckleberry"), in which the Company holds a 50% interest and is proportionally consolidated in the Company's Interim Financial Statements. 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. Huckleberry constitutes 20% of net assets, 21% of total assets, 31% of revenues, 67% of income from mine operations and $14.5 million of net income of the Interim Financial Statement amounts as of and for the three months ended March 31, 2011.

The evaluation of effectiveness of internal controls over financial reporting was completed using the framework and criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organization of the Treadway Commission. Based on this evaluation, management has concluded that, as of March 31, 2011 the Company's internal control over financial reporting was effective.

There has been no change in the Company's design of these internal controls and procedures over financial reporting that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this Management's Discussion and Analysis.

Contingent Liabilities

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. In the opinion of management, except as disclosed below, these matters will not have a material effect on the Company's consolidated financial position or financial performance.

In 2007 the Company acquired bcMetals Corporation which was at the time a party to an action involving an allegation of conduct oppressive to the minority shareholders of ABML. Following the acquisition, the Company amalgamated bcMetals Corporation and its wholly owned subsidiary, Red Chris Development Company Ltd. with the continuing company adopting the name Red Chris Development Company Ltd. ("RCDC"). On April 12, 2011 an agreement was entered into in connection with this action pursuant to which the Company has agreed to fund the purchase by its wholly owned subsidiary, RCDC of all the issued and outstanding common shares of ABML not presently owned by RCDC. The purchase price for such shares purchased will be approximately $24,000. Although the Company and ABML have entered into this agreement with respect to these claims, these legal actions remain subject to approval of the agreement by the shareholders of ABML and the Supreme Court of British Columbia.

OUTLOOK

This section contains forward-looking information. See the "Forward-Looking Statements and Risks Notice".

Operations, Earnings and Cash Flow

Imperial's production from the Mount Polley mine and its share from the Huckleberry mine is expected to be about 51.5 million pounds of copper, 45,400 ounces of gold and 149,000 ounces of silver during 2011. At current metal prices it is expected to generate sufficient cash flow for repayment of debt and fund the Company's exploration and development plans. Cash flow protection for 2011 is supported by derivative instruments that will see the Company receive certain minimum average copper prices and exchange rates as disclosed under the heading Derivative Instruments. However, the quarterly revenues will fluctuate depending on copper and gold prices, the US Dollar/CDN Dollar exchange rate, and the timing of concentrate sales which is dependant on the availability and scheduling of transportation.

Exploration

The Company's plans for 2011 include exploration at its Mount Polley, Red Chris, Ruddock Creek and Sterling properties. The exploration at Ruddock Creek will be funded by joint venture partners earning an interest in the project. Ongoing exploration at Mount Polley in 2011 will continue to focus on defining underground higher grade mineralization at the Boundary zone, and further testing of the mineralized zones in the vicinity of the Springer pit. At Red Chris, the drill program was completed which investigated the mineralization located beneath the planned open pit. Two diamond drills were in operation until May 7, 2011, completing a total of 11,650 metres of diamond drilling this year. Underground development and drilling will continue in the 144 Zone at the Sterling property. Some surface drilling may be conducted to test near surface mineralization in the vicinity of the historic Sterling workings.

The Company continues to evaluate exploration opportunities both on currently owned properties and new prospects.

Development

At the Mount Polley mine, the circuit installed in late 2010 to recover fine magnetite from the tailings, was commissioned and approximately 10,000 tonnes of dense media magnetite had been shipped to coal mines to the end of April 2011.

The initial underground holes in the Boundary zone are proving the continuity of high grade copper, gold and silver mineralization hosted in a brecciated monzonite. The current underground exploration program has been designed to supplement previously reported surface drilling, and provide detailed information on the geometry of Boundary zone breccias. It is expected the Boundary zone program will provide sufficient information to design a test stope. The test mining of a stope should provide the geotechnical and cost information required to make a decision whether to develop an underground mining operation at Mount Polley that would supplement the current open pit mining operation.

The focus at Red Chris in 2011 will be on permitting, engineering, procurement and development. We are already well along the way on permitting, and have started engineering and procurement, and hope to complete some site work this year. Mine construction is anticipated to begin in Spring 2012, and mine operations beginning in early 2014.

At Huckleberry a mine plan for extending the mine life, by expanding the Main Zone pit, is currently under development. A study, which includes the construction of a new tailings storage facility, is expected to be completed by the third quarter of 2011.

Financing

Based on current plans and assumptions, the Company expects to have sufficient cash resources to support its normal operating requirements on an ongoing basis. The Company expects to continue to utilize short term debt facilities to manage its day to day financing needs. The Company is looking at alternatives to secure debt financing that will be required to fund 2012 and 2013 construction costs for the Red Chris project.

Acquisitions

Management continues to evaluate potential acquisitions.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	Notes	March 31 2011	December 31 2010	January 1 2010
ASSETS				
Current Assets				
Cash and cash equivalents	3	$37,445	$28,818	$23,854
Short term investments		4,000	1,500	-
Marketable securities		386	384	216
Trade and other receivables	4	65,606	53,592	43,568
Inventory	5	27,734	41,762	28,923
Derivative instrument assets and margin deposits	13	2,245	5,229	5,846
Prepaid expenses and deposits		1,202	1,576	1,371
		138,618	132,861	103,778
Derivative Instrument Assets and Margin Deposits	13	6,050	8,625	4,524
Mineral Properties	7	279,766	273,682	246,883
Deferred Income Taxes		9,861	18,639	9,985
Other Assets	6	8,066	8,213	6,804
		$442,361	$442,020	$371,974
LIABILITIES				
Current Liabilities				
Trade and other payables	8	$24,930	$24,324	$20,456
Taxes payable		9,689	3,921	6,325
Short term debt	9	-	10,439	5,679
Derivative instrument liabilities	13	9,700	20,103	14,026
Current portion of share based compensation liability	14	-	-	9,411
Current portion of non-current debt	10	1,337	1,461	1,436
Current portion of debt component of convertible debentures	11	-	-	13,803
Current portion of future site reclamation provisions	12	952	982	1,078
		46,608	61,230	72,214
Derivative Instrument Liabilities	13	1,075	2,064	4,339
Non-Current Debt	10	819	1,054	1,220
Future Site Reclamation Provisions	12	20,959	20,819	20,210
Share Based Compensation Liability	14	-	-	732
Deferred Income Taxes		47,855	52,806	46,785
		117,316	137,973	145,500
SHAREHOLDERS' EQUITY				
Share Capital	15	112,063	111,778	76,127
Share Option Reserve	15	10,201	8,869	918
Equity Component of Convertible Debentures	11	-	-	3,662
Currency Translation Adjustment		(1,114)	(742)	-
Retained Earnings		203,895	184,142	145,767
		325,045	304,047	226,474
		$442,361	$442,020	$371,974
Commitments and Pledges	26			
Contingent Liabilities	27			

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the Three Months Ended March 31, 2011 and 2010

Unaudited – Prepared by Management

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

	Notes	First Quarter Three Months Ended March 31 2011	2010
Revenue		$97,180	$69,320
Cost of Sales	16	(60,903)	(53,024)
Income from Mine Operations		36,277	16,296
General and Administration	17	(4,873)	(13,199)
Finance Costs	18	2,692	(1,169)
Other Income		-	57
Income before Taxes		34,096	1,985
Income and Mining Taxes	19	(14,343)	(3,672)
Net Income (Loss) Attributable to Equity Shareholders of the Company		19,753	(1,687)
Other Comprehensive Loss – currency translation adjustment		(372)	(476)
Total Comprehensive Income (Loss) Attributable to Equity Shareholders of the Company		$19,381	$(2,163)
Income (Loss) Per Share			
Basic	20	$0.54	$(0.05)
Diluted	20	$0.53	$(0.05)
Weighted Average Number of Common Shares Outstanding			
Basic	20	36,897,591	34,791,044
Diluted	20	37,489,193	34,791,044

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share amounts

	Share Capital						
	Number of Shares	Amount	Share Option Reserve	Equity Component of Convertible Debentures	Currency Translation Adjustment	Retained Earnings	Total
Balance January 1, 2010	34,246,518	$76,127	$918	$3,662	$ -	$145,767	$226,474
Issued on exercise of options	146,668	2,575	(1,429)	-	-	-	1,146
Transfer of share option reserve on exercise of options	-	-	1,429	-	-	-	1,429
Issued on conversion of debentures	1,616,173	17,619	-	(3,662)	-	-	13,957
Net loss and comprehensive loss for the period	-	-	-	-	(476)	(1,687)	(2,163)
Balance March 31, 2010	36,009,359	$96,321	$918	$ -	($476)	$144,080	$240,843
Balance December 31, 2010	36,883,358	$111,778	$8,869	$ -	($742)	$184,142	$304,047
Issued on exercise of options	16,333	145	-	-	-	-	145
Transfer of share option reserve on exercise of options	-	140	(140)	-	-	-	-
Share based compensation expense	-	-	1,472	-	-	-	1,472
Net income and comprehensive income for the period	-	-	-	-	(372)	19,753	19,381
Balance March 31, 2011	36,899,691	$112,063	$10,201	$ -	$(1,114)	$203,895	$325,045

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2011 and 2010

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

		First Quarter	
		Three Months Ended March 31	
	Notes	2011	2010
OPERATING ACTIVITIES			
Net income before taxes		$34,096	$1,985
Items not affecting cash flows			
Depletion and depreciation		7,753	5,700
Share based compensation, net of cash paid		1,472	9,669
Accretion of debt and future site reclamation provisions		205	358
Unrealized foreign exchange loss (gain)		1,104	(158)
Unrealized gains on derivative instruments		(9,194)	(459)
Interest paid		(63)	(349)
Other		(36)	(31)
		35,337	16,715
Net change in non cash operating working capital balances	*21*	3,463	1,407
Income and mining taxes paid		(4,747)	(7,217)
Cash provided by operating activities		34,053	10,905
FINANCING ACTIVITIES			
Proceeds of short term debt		16,606	15,759
Repayment of short term debt		(27,003)	(16,122)
Repayment of non-current debt		(346)	(348)
Issue of share capital		145	1,146
Cash (used in) provided by financing activities		(10,598)	435
INVESTING ACTIVITIES			
Increase in short term investments		(2,500)	-
Acquisition and development of mineral properties		(11,187)	(9,354)
Decrease in future site reclamation deposits		40	-
Other		(26)	218
Cash used in investing activities		(13,673)	(9,136)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS		(1,155)	(448)
INCREASE IN CASH AND CASH EQUIVALENTS		8,627	1,756
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		28,818	23,854
CASH AND CASH EQUIVALENTS, END OF PERIOD	*3*	$37,445	$25,610

See note 21 for supplemental cash flow information.

See accompanying notes to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2011 and 2010
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share and per share amounts

1. NATURE OF OPERATIONS

Imperial Metals Corporation (the "Company") is incorporated under the laws of the Province of British Columbia, Canada, and its principal business activity is the exploration, development and production of base and precious metals from its mineral properties. The head office, principal address and registered and records office of the Company are located at 200 – 580 Hornby Street, Vancouver, BC, Canada V6C 3B6. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "III".

The Company's key properties are:
- open pit copper/gold producing Mount Polley mine in central British Columbia;
- open pit copper/molybdenum producing Huckleberry mine in northern British Columbia;
- development stage Red Chris copper/gold property in northwest British Columbia;
- development stage Sterling gold property in southwest Nevada; and the
- development stage Ruddock Creek zinc/lead property in south central British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011.

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting ("IAS 34")* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required for full annual financial statements.

These are the Company's first IFRS condensed consolidated interim financial statements for the first quarter of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011 and IFRS 1 *First-Time Adoption of International Financial Reporting Standards* has been applied. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with GAAP. The impact of the transition from GAAP to IFRS is explained in Note 28.

The preparation of interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2011 and 2010
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share and per share amounts

Basis of Presentation

The Company's condensed consolidated interim financial statements and those of all of its controlled subsidiaries are presented in Canadian dollars as this is the presentation and functional currency for all its operations except for the Company's US subsidiary, Sterling Gold Mining Corporation, which has US dollars as its functional currency.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value and the Huckleberry Mine property which is stated at deemed cost at Date of Transition (see Note 28). In addition these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and those entities which are controlled by the Company through voting equity interests, referred to as subsidiaries. Entities which are jointly controlled, referred to as joint ventures, are proportionately consolidated. All inter-company balances and transactions have been eliminated upon consolidation.

Cash and Cash Equivalents

Cash equivalents include money market instruments that are readily convertible to cash and have maturities at the date of purchase of less than ninety days.

Short Term Investments

Short term investments include money market instruments that are readily convertible to cash and have maturities at the date of purchase of between ninety days and less than one year.

Marketable Securities

Marketable securities are classified as fair value through profit or loss ("FVTPL") because the Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities. Unrealized holding gains and losses related to FVTPL securities are included in the statement of income and comprehensive income in each period.

The Company estimates the fair value of marketable securities at the reporting date using quoted market prices.

Inventory

Copper concentrates, inclusive of contained gold and silver, are valued on a first in first out basis at the lower of production cost to produce saleable metal and net realizable value. Net realizable value is calculated as described under "Revenue Recognition". Production costs include direct labour, operating materials and supplies, transportation costs and applicable overhead, and depletion and depreciation. Stores and supplies inventories are valued at the lower of cost and net realizable value.

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Mineral Properties

Mineral properties represent capitalized expenditures related to the development of mining properties, related plant and equipment and expenditures related to exploration arising from property acquisitions.

The costs associated with mineral properties are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. The value associated with resources and exploration potential is the value beyond proven and probable reserves assigned through acquisition. The value allocated to reserves is depleted on a unit-of-production method over the estimated recoverable proven and probable reserves at the mine. The reserve value is noted as depletable mineral properties in Note 7.

The resource value represents the property interests that are contained in the measured and indicated resources that are not within the proven and probable reserves. Exploration potential is (i) mineralization included in inferred resources; (ii) areas of potential mineralization not included in any resource category.

Resource value and exploration potential value is noted as non-depletable mineral properties in Note 7. At least annually or when otherwise appropriate and subsequent to its review and evaluation for impairment, value from the non-depletable category is transferred to the depletable category if resources or exploration potential have been converted into reserves.

Capitalized costs are depleted and depreciated by property using the unit-of-production method over the estimated recoverable proven and probable reserves at the mines to which they relate.

Exploration and Evaluation and Pre-production Properties
The Company follows the method of accounting for these mineral properties whereby all costs related to the acquisition, exploration and development are capitalized by property. Capitalized costs include interest and financing costs for amounts borrowed to develop mining properties and construct facilities, and operating costs, net of revenues, incurred prior to the commencement of commercial production. On the commencement of commercial production, net costs are charged to operations using the unit-of-production method by property based upon estimated recoverable reserves.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to develop the properties, and on future profitable production or proceeds from the disposition thereof.

Property, Plant and Equipment
Property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Capitalized costs include the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for placing it into use along with the future cost of dismantling and removing the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The costs of major overhauls of parts of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in income or loss as incurred.

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Mobile mine equipment and vehicles are depreciated over the estimated useful lives of the assets either on a unit-of-production basis or using the straight line method with useful lives of 4-12 years. Office, computer and communications equipment are depreciated using the straight line method with useful lives of 4-5 years. The estimated residual value and useful lives are reassessed at each year end and depreciation expense is adjusted on a prospective basis.

Stripping Costs
Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the cost of the inventory produced in the period in which they are incurred, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortized over the reserve accessed by the stripping activity using the unit-of-production method as these reserves will directly benefit from the deferred stripping costs incurred.

Assessment of Impairment
Management reviews the carrying value of exploration and evaluation properties at the end of each reporting period for evidence of impairment. This review is generally made with reference to timing of exploration work, work programs proposed, exploration results achieved by the Company and by others in the related area of interest.

Post-feasibility exploration properties, producing mining properties and plant and equipment are reviewed for impairment at the end of each reporting period for evidence of impairment. If any such indication exists, the entity shall estimate the recoverable amount of the asset to determine if it is greater than its carrying value.

When indicators of impairment exist, the recoverable amount of an asset is evaluated at the level of the cash generating unit (“CGU”), the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU’s fair value less costs to sell and its value in use. An impairment loss or reversal thereof is recognized in income or loss to the extent that the carrying amount exceeds or is below the recoverable amount.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value by quotes from an active market or a written offer to purchase/binding sales agreement. Discounted cash flow techniques are dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and future site reclamation costs. Additionally, the reviews take into account factors such as political, social, legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts in assessing these factors.

Reserves
The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projec*ts *(NI 43-101)*. Reserves are used in the calculation of depreciation and depletion, impairment assessment, assessment of life of pit stripping ratios and for forecasting the timing of future site reclamation provisions.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in changes to reserves.

Convertible Debenture

The convertible debenture is a compound financial instrument. Accordingly, the debt component is measured using the present value of the future payments of principal and interest on the debentures. The conversion right is measured by deducting the debt component from the gross proceeds less issue expenses allocated to the conversion right. The financial liability component, representing the value allocated to the liability at inception, is recorded as a long term liability. The remaining component, representing the value ascribed to the holders' option to convert the principal balance into common shares of the Company, is classified as "Equity Component of Convertible Debentures" in shareholders' equity. The debt component of the convertible debenture is accreted to the face value through the recording of additional interest expense over the term of the convertible debenture.

Future Site Reclamation Provisions

The Company's mining and exploration activities are subject to various statutory, contractual or legal obligations for protection of the environment. At the date the obligation is incurred, the Company records a liability, discounted to net present value, for the best estimate of future costs to retire an asset including costs for dismantling, remediation and ongoing treatment and monitoring of the site. The present value is determined using a pre-tax risk free interest rate. The liability is accreted over time to the estimated amount ultimately payable through periodic charges to income or loss. The estimated present value of the future site reclamation provisions are reviewed for material changes at each reporting date and re-measured at least annually or when there are significant changes in the assumptions giving rise to the estimated cash flows.

Future site reclamation provisions are capitalized as part of the carrying value of the related mineral property at its initial discounted value and amortized over the useful life of the mineral property using the unit-of-production method.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income tax assets and deferred income tax liabilities are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of income tax assets, including unused tax losses and tax credits, are recognized subject to a valuation allowance, to the extent that it is probable that such assets will be ultimately realized. These deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized. Business acquisitions result in a gross up of mineral properties through the recognition of deferred income tax liabilities for the tax effect of the difference between the carrying value of the mineral properties and their related tax values.

Government assistance, including investment tax credits, is credited against the expenditure generating the assistance when it is probable that the government assistance will be realized.

The tax deduction for the expenditures incurred related to flow through share financings has been assigned to the related shareholders, resulting in a deferred income tax liability which has been recorded as a charge to share capital when the expenditures are renounced. Any recognition of a portion of previously unrecognized deferred income tax assets is recorded as a deferred income tax recovery in the statement of comprehensive income.

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Revenue Recognition

Estimated mineral revenue, based upon prevailing metal prices, is recorded in the financial statements when title to the concentrate transfers to the customer which generally occurs on date of shipment. Revenue is recorded in the statement of comprehensive income net of treatment and refining costs paid to counterparties under terms of the off take arrangements. The estimated revenue is recorded based on metal prices and exchange rates on the date of shipment and is adjusted at each reporting date to the date of settlement metal prices. The actual amounts will be reflected in revenue upon final settlement, which is usually four to five months after the date of shipment. These adjustments reflect changes in metal prices and changes in quantities arising from final weight and assay calculations. The net realizable value of copper concentrate inventory is calculated on the basis described above.

Financial Derivatives

The Company uses derivative financial instruments to manage its exposure to metal prices and foreign exchange rates. Derivative financial instruments are measured at fair value and reflected on the statement of financial position. The Company does not apply hedge accounting to derivative financial instruments and therefore any gains or losses resulting from the changes in the fair value of the derivative financial instrument are included in income or loss at each date of financial position. Gains or losses resulting from changes in the fair value of derivative instruments are included in income or loss on the date the related hedged item is settled.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, marketable securities, trade and other receivables, derivative instrument assets and margin deposits, future site reclamation deposits, trade and other payables, short term debt, derivative instrument liabilities, non-current debt and debt component of convertible debentures.

Financial instruments are initially recorded at fair value including transaction costs except for those items recorded for fair value through profit or loss for which costs are expensed as incurred.

Cash and cash equivalents, short term investments, derivative instrument assets and margin deposits, and future site reclamation deposits are classified as fair value through profit or loss and recorded at fair value. The fair value is based on bank statements or counterparty valuation reports. Accounts receivable and margin deposits are classified as loans and receivables. Marketable securities are classified as fair value through profit or loss because the Company holds these securities for the purpose of trading. The fair value of marketable securities is based on quoted market prices. Fair value through profit or loss financial assets are measured at fair value with mark-to-market gains and losses recorded in income or loss in the period they occur. Trade and other payables, short and non-current debt, and debt component of convertible debentures are classified as other financial liabilities and recorded at amortized cost.

Financial assets classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

The Company uses derivative financial instruments to mitigate the risk of revenue changes due to changes in copper price and the US/CDN Dollar exchange rate. These instruments do not meet the criteria for hedge accounting and consequently are measured at their fair values with changes in fair values recorded in income or loss in the period they occur. Fair values for these derivative instruments are determined by counterparties using standard valuation techniques for derivative instruments by reference to current and projected market conditions as of the reporting date.

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:
- significant or prolonged decline in the fair value of securities below its cost;
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization

Impairment losses are recognized in income or loss in the period they occur based on the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the financial instrument at the date the impairment is reversed does not exceed what the cost would have been had the impairment not been recognized.

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the actual rate prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of the entity are recognized in the statement of comprehensive income.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at the actual rate prevailing at the date of transaction. Equity is translated at historical cost. The resulting translation adjustments are included in cumulative translation adjustment in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in equity.

Foreign exchange gains and losses that relate to debt are presented in the statement of income and comprehensive income within "Finance Costs". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "General and Administration".

Joint Ventures

Joint ventures are entities over which the Company has joint control. The Company accounts for its 50% joint venture interest in Huckleberry Mines Ltd. using the proportionate method of consolidation, whereby the Company includes 50% of Huckleberry assets, liabilities and results of operations in the consolidated financial statements.

Reportable Segmented Information

The Company's operations are primarily directed towards the exploration, development and production from its mineral properties in Canada. The Company has four reportable operating segments, Mount Polley, including related exploration and development activities, Red Chris, including related exploration and development activities, Huckleberry, including related exploration and development activities and Corporate, including all other properties and related exploration and development activities. Transactions between reportable operating segments are recorded at fair value.

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Share Based Payments

The Company has a stock option plan that provides all option holders the right to receive common shares in exchange for the options exercised which is described in Note 15(b). The fair value of each option award that will ultimately vest is estimated on the date of grant using the Black-Scholes option-pricing model. Compensation expense is determined when stock options are granted and recognized in operations over the vesting period of the option. Consideration received on the exercise of stock options is recorded as share capital and the related share-based amounts of share option reserve are credited to share capital.

Share Purchase Warrants

Share purchase warrants issued are recorded at fair value in share option reserve. If and when the warrants are ultimately exercised, the applicable amounts of share option reserve are credited to share capital.

Borrowing Costs

The Company expenses borrowing costs when they are incurred, unless they are directly attributable to the acquisition of mineral properties or construction of property, plant and equipment extending over a period of more than eighteen months.

Income Per Common Share

Basic net income per common share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per common share is computed in accordance with the treasury stock method and "if converted" method, as applicable, which uses the weighted average number of common shares outstanding during the period and also includes the dilutive effect of potentially issuable common shares from outstanding stock options, warrants and convertible debt. In addition, the related interest and accretion on convertible debt, when dilutive (net of tax), are added back to income or loss since these would not be paid or incurred if the convertible debentures were converted into common shares.

Significant Accounting Judgments and Estimates

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to asset carrying values and related impairment and expense charges including estimation of the lives of property, plant and equipment and depreciation expense, determination of ore reserves and depletion expense, deferral of stripping costs and depletion expense, trade and other receivables and impairment charge, inventory and impairment charge, deferred income tax assets including valuation allowances and future income tax expense, derivative instrument assets and gains and losses on derivative instruments, future site reclamation provisions and accretion expense, share based payments and share based compensation expense, and contingencies.

The most significant judgments relate to the recoverability of asset carrying values, accounting for stripping costs, recognition of deferred tax assets and liabilities, determination of the commencement of commercial production from mineral properties, determination of the economic viability of mineral properties, estimate of the amount and timing of expenditures for future site reclamation, share based payments and contingencies.

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Changes in Accounting Standards

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Accounting Standards Issued and Effective January 1, 2012

IAS 12 - *Income Taxes (Amended)* ("IAS 12"), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value.

IFRS 7 **–** *Financial instruments: Disclosures (Amended)* require additional disclosures on transferred financial assets.

Accounting Standards Issued and Effective January 1, 2013

IFRS 9 Financial Instruments replaces the current standard *IAS 39 Financial Instruments: Recognition and Measurement,* replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control, and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation—Special Purpose Entities.*

IFRS 11 *Joint Arrangements* establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 *Disclosure of Involvement with Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 *Share-based Payment*; leasing transactions within the scope of IAS 17 *Leases*; measurements that have some similarities to fair value but that are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets.*

IAS 27 *Separate Financial Statements* has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 *Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

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3. CASH AND CASH EQUIVALENTS

	March 31 2011	December 31 2010	January 1 2010
Cash	$37,445	$28,818	$23,854
Cash equivalents	-	-	-
	$37,445	$28,818	$23,854

4. TRADE AND OTHER RECEIVABLES

	March 31 2011	December 31 2010	January 1 2010
Trade receivables	$65,606	$53,592	$40,817
Taxes receivable	-	-	2,751
	$65,606	$53,592	$43,568

5. INVENTORY

	March 31 2011	December 31 2010	January 1 2010
Stockpile ore	$ 4,749	$3,657	$ -
Concentrate	10,685	26,246	18,960
Supplies	12,300	11,859	9,963
	$27,734	$41,762	$28,923

	Three Months Ended	
	March 31 2011	March 31 2010
Inventory recognized as expense during the period	$57,145	$50,673

As at March 31, 2011, the Company had $1,470 (December 31, 2010 - $1,963) inventory pledged as security for reclamation bonds and liabilities.

6. OTHER ASSETS

	March 31 2011	December 31 2010	January 1 2010
Future site reclamation deposits	$7,827	$7,929	$6,456
Other	239	284	348
	$8,066	$8,213	$6,804

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7. MINERAL PROPERTIES

	Mineral Properties being depleted	Mineral Properties not being depleted	Plant and Equipment	Total
Cost				
Balance as at January 1, 2010	$103,994	$159,589	$275,788	$539,371
Additions	3,363	27,823	23,183	54,369
Disposals	-	-	(1,394)	(1,394)
Reclassifications	4,465	(4,522)	57	-
Foreign exchange movement	-	(681)	-	(681)
Balance as at December 31, 2010	111,822	182,209	297,634	591,665
Additions	-	7,583	3,602	11,185
Foreign exchange movement	-	(337)	(14)	(351)
Balance as at March 31, 2011	$111,822	$189,455	$301,222	$602,499

	Mineral Properties being depleted	Mineral Properties not being depleted	Plant and Equipment	Total
Accumulated depletion & depreciation & impairment losses				
Balance as at January 1, 2010	$50,124	$18,220	$224,144	$292,488
Depletion & depreciation	14,881	115	11,688	26,684
Disposals	-	-	(1,200)	(1,200)
Impairments	-	11	-	11
Balance as at December 31, 2010	65,005	18,346	234,632	317,983
Depletion & depreciation	1,210	-	3,540	4,750
Balance as at March 31, 2011	$66,215	$18,346	$238,172	$322,733
Net book value				
Balance as at January 1, 2010	$53,870	$141,369	$51,644	$246,883
Balance as at December 31, 2010	$46,817	$163,863	$63,002	$273,682
Balance as at March 31, 2011	$45,607	$171,109	$63,050	$279,766

The Company has $nil ($nil – 2010) contractual commitments for the acquisition of mineral properties as at March 31, 2011. At March 31, 2011 assets with a fair value of $7,828 (March 31, 2010-$7,929) are legally restricted for the purposes of settling future site reclamation provisions.

Mount Polley

The Company owns 100% of the Mount Polley open pit copper/gold mine located 56 kilometres northeast of Williams Lake in central British Columbia. The Mount Polley property consists of five mining leases and 42 mineral claims.

Huckleberry

The Company owns 50% of the Huckleberry open pit copper/molybdenum mine located 123 kilometres southwest of Houston in central British Columbia. The Huckleberry property consists of a mining lease covering approximately 1,911 hectares and 9 mineral claims encompassing approximately 4,207 hectares.

Red Chris

The Company owns a net 88% interest in the Red Chris copper/gold deposit situated 18 kilometres southeast of the village of Iskut in northwest British Columbia. The remaining net 12% of the Red Chris project is held by the minority interests in American Bullion Minerals Ltd. ("ABML") (Note 27). Pursuant to a joint venture agreement between the Company and ABML, the Company is funding 100% of costs until commencement of commercial production. The Company has an exclusive right and option to earn a net 5% additional interest in the Red Chris project by proceeding at its sole cost to prepare a final feasibility report on the Red Chris project and arranging production financing sufficient to place the Red Chris project into commercial production. The development of the Red Chris project into a mine is dependent upon a number of factors including the construction of a power line to service the northwest portion of British Columbia.

Sterling

The Company owns 100% of the Sterling gold mine near Beatty, Nevada. The Sterling mine operated as both an underground and open pit mine from 1980 to suspension of mining operations in 1997. Certain parts of the Sterling property have been reclaimed. The Sterling property consists of 272 lode mining claims plus one water well site. Net smelter royalties of 2.25% are payable on production with minimum advance royalties on a small portion of these claims.

Ruddock Creek

The Company owns 100% of the Ruddock Creek zinc deposit located approximately 155 kilometres northeast of Kamloops in south central British Columbia. The Ruddock Creek property consists of 20 mineral claims. In July 2010 the company signed a Memorandum of Understanding with Itochu Corporation and Mitsui Mining and Smelting Co. Ltd., whereby Itochu/Mitsui may earn up to a 50% interest in the property by providing $20,000 in exploration and development funding over three years.

Other Exploration Properties

The Company has interests in various other early stage exploration properties located primarily in Canada. These properties have been acquired primarily by staking and the cost to maintain ownership of these properties is not significant.

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8. TRADE AND OTHER PAYABLES

	March 31 2011	December 31 2010	January 1 2010
Trade payables	$10,907	$13,091	$9,726
Accrued liabilities	14,023	11,233	10,730
	$24,930	$24,324	$20,456

9. SHORT TERM DEBT

Amounts due for all of the Company's short term debt facilities are:

	March 31 2011	December 31 2010	January 1 2010
(a) Bank loan facilities aggregating $25,000 secured by accounts receivable and inventory. The loan bears interest at Bank Prime Rate plus 1%, is due on demand and is subject to maintenance of certain financial covenants.	$ -	$493	$ -
(b) Concentrate advances of US$nil (December 31, 2010-US$10,000; January 1, 2010-US$5,426) from a purchaser of concentrate from the Mount Polley mine repayable from the sale of concentrate with interest at three month Libor plus 2% and secured by a first charge on concentrate from the Mount Polley mine.	-	9,946	5,679
	$ -	$10,439	$5,679

The movement of the amounts due for short term debt are:

	Three Months Ended March 31 2011	Year Ended December 31 2010
Balance, beginning of period	$10,439	$5,679
Amounts advanced	16,606	269,822
Foreign exchange gain	(42)	(524)
Amounts repaid	(27,003)	(264,538)
	$ -	$10,439

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10. NON-CURRENT DEBT

Amounts due for non-current debt are:

	Note	March 31 2011	December 31 2010	January 1 2010
Mount Polley Finance Contract	*(a)*	$440	$567	$1,068
Mount Polley Finance Contract	*(b)*	524	622	1,004
Mount Polley Finance Contract	*(c)*	539	608	-
Mount Polley Finance Contract	*(d)*	653	718	-
Mount Polley Construction Loan		-	-	584
		2,156	2,515	2,656
Less portion due within one year		(1,337)	(1,461)	(1,436)
		$819	$1,054	$1,220

The movement of the amounts due for non-current debt are:

	Three Months Ended March 31 2011	Year Ended December 31 2010
Balance, beginning of period	$2,515	$2,656
Amounts advanced	-	1,659
Foreign exchange gain	(13)	(41)
Amounts repaid	(346)	(1,759)
Balance, end of period	$2,156	$2,515

(a) Finance contract aggregating $440 (December 31, 2010-$567) repayable in monthly installments of $44 until August 2011 including interest at Bank Prime Rate plus 1% (4% at March 31, 2011) and secured by mobile mining equipment at the Mount Polley mine. Monthly repayments are subject to adjustment for interest rate movements.
(b) Finance contract aggregating US$539 (December 31, 2010-US$625) repayable in monthly instalments of US$31 until August 2012 including interest at 4.85% and secured by certain mobile mining equipment at the Mount Polley mine.
(c) Finance contract aggregating $539 (December 31, 2010-$608) repayable in monthly installments of $25 until January 2013 including interest at Bank Prime Rate plus 2% (5% at March 31, 2011) and secured by mobile mining equipment at the Mount Polley mine. Monthly repayments are subject to adjustment for interest rate movements.
(d) Finance contract aggregating $653 (December 31, 2010-$718) repayable in monthly installments of $25 until July 2013 including interest at Bank Prime Rate plus 2% (5% at March 31, 2011) and secured by mobile mining equipment at the Mount Polley mine. Monthly repayments are subject to adjustment for interest rate movements.

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11. CONVERTIBLE DEBENTURES

On March 9, 2005, the Company issued subordinated unsecured convertible debentures with a face value of $20,000 that matured on March 10, 2010, $9,750 of which were issued to a significant shareholder and directors. The debentures were subordinated to all senior security holders and had interest at 6% per year with interest payable semi-annually on June 30 and December 31, and were convertible into common shares of the Company at the option of the holder at any time prior to maturity at a conversion price of $8.65 per common share.

The net proceeds of the debentures were allocated between the debt and equity components and the debt component of the convertible debenture was accreted to the face value of $20,000 through the recording of additional interest expense over the term of the convertible debenture. Some of the convertible debentures were converted in 2005 and 2006 with the balance converted in the three months ended March 31, 2010 into 1,616,173 common shares of the Company prior to their maturity.

Changes to debt component of convertible debentures are as follows:

	Three Months Ended March 31 2011	Year Ended December 31 2010
Balance, beginning of period	$ -	$13,803
Accretion	-	154
Conversions	-	(13,957)
Balance, end of period	$ -	$ -

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12. FUTURE SITE RECLAMATION PROVISIONS

The Company has recognized provisions for future site reclamation provisions at its Mount Polley, Huckleberry, Red Chris, Sterling Gold and Ruddock Creek properties. Although the ultimate amount of the future site reclamation provisions is uncertain, the fair value of these obligations is based on information currently available, including closure plans and applicable regulations. The amounts and timing of closure plans for the mineral properties will vary depending on a number of factors including exploration success and alternative mining plans. Significant closure activities include land rehabilitation, water treatment, demolition of facilities, monitoring and other costs.

Changes to the future site reclamation provisions are as follows:

	Three Months Ended March 31 2011	Year Ended December 31 2010
Balance, beginning of period	$21,801	$21,288
Accretion	205	818
Costs incurred during the period	(58)	(633)
Change in estimates of future costs and effect of translation of foreign currencies	(37)	328
Balance, end of period	21,911	21,801
Less portion due within one year	(952)	(982)
	$20,959	$20,819

The total undiscounted amount of estimated future cash flows required to settle the obligations is $49,139 (2010-$51,109). The estimated future cash flows were then adjusted using a 2% rate of inflation and a 5% cash flow uncertainty factor. Huckleberry applies a 20% contingency to risk affect the future cash flows. The estimated future cash flows have been discounted using a pre-tax risk free interest rate of 3.74% (2010 – 3.74%).

The obligations are expected to be settled primarily in the years 2011 through 2020 with the obligations of Huckleberry extending to the year 2150.

The amounts and timing of closure plans for the mineral properties will vary depending on a number of factors including exploration success and alternative mining plans. Assets with a fair value of $9,198 (2010-$9,299) are legally restricted for the purposes of settling future site reclamation provisions. The Company has pledged cash deposits of $7,827 (2010-$7,929), shown as future site reclamation deposits and certain mining equipment and supplies inventory with a pledged value of $1,370 (2010-$1,370) as security for future site reclamation provisions (Note 26).

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13. DERIVATIVE INSTRUMENTS

	March 31 2011	December 31 2010	January 1 2010
Assets			
Current			
Copper contracts	$2,056	$5,050	$3,603
Foreign currency contracts	189	179	2,243
	$2,245	$5,229	$5,846
Non-current			
Security deposits with counterparties	$5,333	$7,957	$2,627
Copper contracts	717	668	1,897
	$6,050	$8,625	$4,524
Liabilities			
Current			
Copper contracts	$9,700	$20,103	$14,026
Non-Current			
Copper contracts	$1,075	$2,064	$4,339

Security deposits required to be paid by the Company to counterparties are calculated based on the fair value of the derivative instrument on each trading date, net of the credit facility provided by the counterparties.

At March 31, 2011 the Company had entered into various contracts to protect the cash flow from Mount Polley and Huckleberry against a decline in the price of copper and to changes in the US Dollar/CDN Dollar exchange rate. These contracts do not qualify for hedge accounting and therefore the Company accounts for these contracts as investments and records changes in the unrealized gains or losses on these contracts through profit and loss each period and records the fair value of these derivative instruments as an asset or liability at each reporting date. The fair value of these financial instruments has been recorded as either an asset or a liability as of March 31, 2011 depending on the attributes of the contracts.

(a) Balances at March 31, 2011

From time to time the Company purchases put options, sells call options, and enters into forward sales contracts to manage its exposure to changes in copper prices and the US Dollar/CDN Dollar exchange rate.

All of the Company's derivative instrument contracts are settled on a financial basis. No physical sale or transfer of copper or US Dollars will take place pursuant to the contracts.

Option contracts outstanding at March 31, 2011 for copper are as follows:

	Weighted Average			
	Minimum Price US$/lb	Maximum Price US$/lb	Put Options Purchased	Call Options Sold (Bought)
Contract Period			*lbs of copper*	*lbs of copper*
2011	$2.92	$4.49	24,857,000	20,779,000
2011	$3.00	-	-	(606,000)
2012	$3.21	$4.95	12,732,000	10,968,000

The Company will receive/pay the counterparty the difference between the monthly average cash settlement price of copper on the London Metals Exchange and the copper price specified in the put/call option contract.

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Forward sales contracts for copper, all related to Huckleberry production, outstanding at March 31, 2011 are as follows:

	Price US$/lb	Forward Sales
Contract Period		*lbs of copper*
2011	$2.27	937,000

The Company will receive/pay the counterparty the difference between the monthly average cash settlement price of copper on the London Metals Exchange and the forward copper price specified in the contract.

Forward sales contracts for US Dollars, all related to Huckleberry production, outstanding at March 31, 2011 are as follows:

	US/CDN Dollar Exchange Rate	Forward Sales US Dollars
2011	$1.02	$3,750,000

(b) Transactions Subsequent to March 31, 2011

From April 1 to May 19, 2011 the Company purchased put options, sold call options and entered into forward sales contracts to manage its exposure to changes in copper prices.

	Weighted Average			
	Minimum Price US$/lb	Maximum Price US$/lb	Put Options Purchased (Sold)	Call Options Sold (Bought)
Contract Period			*lbs of copper*	*lbs of copper*
2011	$4.10	$4.31	1,213,000	1,213,000
2012	$3.65	$4.99	1,268,000	1,268,000

The Company will receive/pay the counterparty the difference between the monthly average cash settlement price of copper on the London Metals Exchange and the copper price specified in the put/call option contract.

14. SHARE BASED COMPENSATION

Prior to May 19, 2010 the Company recognized a liability for the potential cash settlements under its Share Option Plans (Note 15(b)). The current portion represented the maximum amount of the liability payable within the next twelve month period if all vested options were surrendered for cash settlement.

As further described in Note 15(b) the Company amended its Share Option Plans to remove the cash settlement option effective May 19, 2010 resulting in the de-recognition of the liability as of that date.

Changes to the share based compensation liability related to when the cash settlement option was in effect are as follows:

	Year Ended December 31 2010
Balance, beginning of period	$10,143
Share based compensation	7,441
Current period payment for options exercised	(1,144)
Transferred to share capital on issuance of common shares	(2,365)
Transfer to share option reserve on de-recognition of liability on amendment of stock options plans	(14,075)
Balance, end of period	-
Less portion due within one year	-
	$ -

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15. SHARE CAPITAL

(a) Share Capital

Authorized
50,000,000 First Preferred shares without par value with special rights and restrictions to be determined by the directors (outstanding – nil)
50,000,000 Second Preferred shares without par value with rights and restrictions to be determined by the directors (outstanding – nil)
Unlimited number of Common Shares without par value

(b) Share Option Plans

Under the Share Option Plans, the Company may grant options to its directors, officers and employees not to exceed 10% of the issued common shares of the Company. At March 31, 2011 a total of 1,839,468 common share options remain available for grant under the plans. Under the plans, the exercise price of each option equals the market price of the Company's shares on the date of grant and an option's maximum term is 10 years. Options are granted from time to time by the Board of Directors and vest over a three or five year period.

Until May 18, 2010 all option holders had the right, in lieu of receiving common shares, to receive a cash payment from the Company equal to the difference between the exercise price of each stock option and the market price of the Company's common shares on the date of exercise.

On May 19, 2010 the Company amended its outstanding Share Option Plans removing the right of all option holders, in lieu of receiving common shares, to receive a cash payment from the Company equal to the difference between the exercise price of each stock option and the market price of the Company's common shares on the date of exercise resulting in the de-recognition of the liability as of that date. Effective May 19, 2010, the Company valued any new option grants using the Black-Scholes option pricing model.

As a result of the change in accounting policy it was required to estimate the fair value of the options outstanding on May 19, 2010. This was done using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	May 19, 2010 Weighted Average
Exercise price	$11.49
Grant date share price	$11.47
Risk-free interest rate	2.06%
Expected life	2.75 years
Annualized volatility	74.71%
Dividend rate	0%
Grant date fair value	$10.27
Number of options	419,472

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Movements in Share Options

The changes in share options during the three months ended March 31, 2011 and year ended December 31, 2010 were as follows:

	Three Months Ended March 31, 2011		Year Ended December 31, 2010	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	1,866,834	$15.55	2,230,501	$8.56
Granted	-	-	805,000	$22.80
Exercised	(16,333)	$8.88	(1,144,667)	$7.05
Expired	-	-	(24,000)	$14.38
Outstanding at end of period	1,850,501	$15.61	1,866,834	$15.55
Options exercisable at end of period	515,501	$10.94	488,834	$10.80

Fair Value of Share Options Granted

The fair value of each option granted subsequent to May 19, 2010 is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	May 20, 2010 to December 31, 2010 Weighted Average
Exercise price	$23.10
Grant date share price	$23.05
Risk-free interest rate	1.76%
Expected life	5.35 years
Annualized volatility	67.4%
Dividend rate	0%
Grant date fair value	$11.82
Number of options	725,000

(c) Normal Course Issuer Bid (“NCIB”)

During the year ended December 31, 2010 the Company had two NCIB’s. The first NCIB, the 2009/2010 bid, covered the period September 23, 2009 to September 22, 2010. Pursuant to the 2009/2010 NCIB, the Company was authorized by the Toronto Stock Exchange (“TSX”) to purchase up to 1,285,159 common shares of the Company with daily purchases not to exceed 5,088 common shares, subject to certain prescribed exceptions.

On September 21, 2010 the TSX accepted for filing the Company’s Notice for its 2010/2011 NCIB to be transacted through the facilities of the TSX.

Pursuant to the 2010/2011 NCIB, the Company may purchase up to 1,472,290 common shares, which represents approximately 4% of the total 36,807,258 common shares of the Company issued and outstanding as of September 9, 2010. Purchases will be made, at the discretion of the Company at prevailing market prices, commencing September 23, 2010 and ending September 22, 2011. Pursuant to TSX policies, daily purchases made by the Company will not exceed 18,727 common shares or 25% of the Company’s average daily trading volume of 74,908 common shares on the TSX, subject to certain prescribed exceptions. The shares acquired under the 2010/2011 NCIB will either be cancelled or used to satisfy the Company’s obligations under its Non-Management Directors’ Plan. The funding for any purchase pursuant to the 2010/2011 NCIB will be financed out of the working capital of the Company.

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In the year ended December 31, 2010 the Company repurchased 6,000 common shares at an average price of $18.93 per share pursuant to the NCIB's at a cost of $114. A total of 6,000 common shares have been allocated to the Company's obligation under the Non-Management Directors Plan. The Company ceases to consider shares outstanding on the date of the Company's purchase of its shares although the actual cancellation of the shares by the transfer agent and registrar occurs on a timely basis on a date shortly thereafter.

In the three months ended March 31, 2011 the Company repurchased 800 common shares at an average price of $23.25 per share pursuant to the NCIB's at a cost of $119. A total of 800 common shares have been allocated to the Company's obligation under the Non-Management Directors Plan. The Company ceases to consider shares outstanding on the date of the Company's purchase of its shares although the actual cancellation of the shares by the transfer agent and registrar occurs on a timely basis on a date shortly thereafter.

16. COST OF SALES

	Three Months Ended March 31	
	2011	2010
Operating expenses	$53,089	$47,326
Depletion and depreciation	7,704	5,654
Share based compensation	110	44
	$60,903	$53,024

17. GENERAL AND ADMINISTRATION COSTS

	Three Months Ended March 31	
	2011	2010
Administration	$1,290	$1,042
Share based compensation	1,362	10,727
Depreciation	49	46
Foreign exchange loss	1,922	1,056
Mineral property holding costs	250	328
	$4,873	$13,199

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18. FINANCE COSTS

The finance costs (income) for the Company are as follows:

	Three Months Ended March 31	
	2011	2010
Accretion of future site reclamation provisions	$205	$204
Interest on non-current debt	29	171
Other interest expense	23	177
Interest accretion on non-current debt	-	154
Foreign exchange gain on current debt	(42)	(504)
Foreign exchange gain on non-current debt	(13)	(28)
Fair value adjustment to marketable securities	23	(17)
Realized losses on derivative instruments	6,441	1,522
Unrealized gains on derivative instruments	(9,194)	(459)
	(2,528)	1,220
Interest income	(164)	(51)
Finance costs (income)	$(2,692)	$1,169

19. INCOME AND MINING TAXES

	Three Months Ended March 31	
	2011	2010
Current income and mining taxes	$10,516	$6,461
Deferred income and mining taxes	3,827	(2,789)
	$14,343	$3,672

The current income and mining tax expense for the three months ended March 31, 2011 of $10,516 (March 31, 2010- $6,461) is primarily due to a significant portion of the Company's taxable income from Mount Polley being generated in a partnership with a tax yearend that is not aligned with the tax yearend of the Company. As a result, the taxable income in the partnership is deferred into the subsequent calendar year and cash income taxes are recorded in the period the income becomes taxable for income tax purposes. Accordingly, current and deferred income and mining taxes have been accounted for based on this corporate structure. Included in current income and mining tax expense for the three months ended March 31, 2011 is $5,210 of current income taxes payable originating from Mount Polley taxable income in 2010 that was deferred to 2011.

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20. INCOME PER SHARE

The following table sets out the computation of basic and diluted net income (loss) per common share:

	Three Months Ended March 31	
	2011	2010
Numerator:		
Net Income (Loss)	$19,753	$(1,687)
Denominator:		
Basic weighted-average number of common shares outstanding	36,897,591	34,791,044
Effect of dilutive securities:		
Stock options	591,602	-
Diluted potential common shares	591,602	-
Diluted weighted-average number of common shares outstanding	37,489,193	34,791,044
Basic net income (loss) per common share	$0.54	$(0.05)
Diluted net income (loss) per common share	$0.53	$(0.05)

Excluded from the calculation of diluted net income per common share for the three months ended March 31, 2011 were 753,833 shares (March 31, 2010–2,039,167 shares) related to stock options.

21. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non cash operating working capital balances:

	Three Months Ended March 31	
	2011	2010
Accounts receivable	$(12,014)	$(3,926)
Inventory	11,074	5,589
Derivative instrument assets	1,585	(4,151)
Prepaid expenses and deposits	374	415
Accounts payable and accrued liabilities	669	1,325
Derivative instrument liabilities	1,775	2,155
	$3,463	$1,407

(b) Supplemental information on non-cash financing and investing activities:

During the three months ended March 31, 2011

(i) the Company received marketable securities with a fair value of $3 as an option payment on a mineral property.

During the three months ended March 31, 2010

(i) the Company purchased mobile mining equipment at a cost of $860 which was financed by long term debt and is repayable at $25 per month over a three year term at Bank Prime Rate plus 2%.

(ii) all the outstanding debentures with a face value of $13,980 were converted into 1,616,173 common shares (Note 11).

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22. JOINT VENTURES

Included in the condensed consolidated interim financial statements are the following amounts representing the Company's interests in joint ventures consisting primarily of a 50% joint venture interest in Huckleberry assets, liabilities and results of operations:

Statement of Financial Position	March 31 2011 [(1)]	December 31 2010 [(1)]	January 1 2010[(1)]
Current Assets			
Cash and cash equivalents	$36,765	$28,746	$24,062
Short term investments	4,000	1,500	-
Derivative instrument assets	1,521	4,624	5,429
Other current assets	25,621	18,829	18,852
	67,907	53,699	48,343
Mineral properties	9,760	9,998	9,036
Other non-current assets	15,183	22,692	14,661
	92,850	86,389	72,040
Current Liabilities			
Trade and other payables	(11,717)	(18,844)	(14,647)
Non-current future site reclamation provisions	(14,498)	(16,444)	(19,563)
Other non-current liabilities	(1,075)	-	-
	$65,560	$51,101	$37,830

The cash and cash equivalents and short term investments held by Huckleberry disclosed above are restricted for use by Huckleberry.

[(1)] Effective May 31, 2007 the Company holds a 35% interest in the Porcher Island Joint Venture whose only asset is the Porcher Island mineral property $536 (December 31, 2010 - $536; January 1, 2010-$536). There have been no operations since the inception of the Porcher Island Joint Venture as the joint venture is currently in the exploration stage. The balances related to the Porcher Island Joint Venture are included in the disclosure above.

	Three Months Ended March 31 2011	2010
Statement of Comprehensive Income (Loss)		
Revenues	$40,128	$21,829
Cost of Sales	(15,642)	(13,232)
Income from Mine Operations	24,486	8,597
General and Administration	(851)	(393)
Finance Costs	1,076	(1,325)
Income and Mining Taxes	(10,252)	(2,461)
Net Income and Comprehensive Income	$14,459	$4,418
Statement of Cash Flows		
Operating activities	$11,806	$3,896
Investing activities	(2,937)	(930)
Effect of foreign exchange on cash and cash equivalents	(850)	(418)
Increase in cash and cash equivalents	$8,019	$2,548

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23. RELATED PARTY TRANSACTIONS

The consolidated interim financial statements include the financial statements of Imperial Metals Corporation and its subsidiaries and joint ventures listed in the following tables:

Subsidiaries		% equity interest as at	
Name	Country of Incorporation	March 31 2011	December 31 2010
416898 BC Ltd.	Canada	100%	100%
American Bullion Minerals Ltd.	Canada	52.3%	52.3%
Bethlehem Resources Corporation	Canada	100%	100%
Catface Copper Mines Limited	Canada	100%	100%
CAT-Gold Corporation	Canada	100%	100%
Goldstream Mining Corporation	Canada	100%	100%
High G Minerals Corporation	Canada	100%	100%
HML Mining Inc.	Canada	100%	100%
Mount Polley Mining Corporation	Canada	100%	100%
Princeton Exploration Ltd.	Canada	100%	100%
Red Chris Development Company Ltd.	Canada	100%	100%
Ruddock Creek Mining Corporation	Canada	100%	100%
Selkirk Metals Corp.	Canada	100%	100%
Sterling Gold Mining Corporation	USA	100%	100%

Joint Ventures		% equity interest as at	
Name	Country of Incorporation	March 31 2011	December 31 2010
Huckleberry Mines Ltd.	Canada	50%	50%
Porcher Island Joint Venture	Canada	35%	35%

Related party transactions and balances with a company controlled by a significant shareholder, a company in which a director is an owner and directors are as follows:

	March 31 2011	December 31 2010	January 1 2010
Trade and other payables[(1)]	$483	$1,789	$ -
Convertible debentures (at face value)	$ -	$ -	$9,750

During the March 31, 2010 quarter all the convertible debentures with a face value of $9,750 were converted into 1,127,166 common shares of the Company (Note 11)

[(1)] Trade and other payables are unsecured, non-interest bearing and due on terms noted on the invoices.

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	Three Months Ended March 31	
	2011	2010
Interest expense on non-current debt	$ -	$109
Cost of sales	$6	$ -
Mineral exploration costs	$1,688	$ -

The Company incurred the above transactions and balances in the normal course of operations. Expenses have been measured at the fair value which is determined on a cost recovery basis.

24. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of directors and other members of key management personnel during the three months ended March 31, 2011 and 2010 are as follows:

	Three Months Ended March 31	
	2011	2010
Compensation including directors' fees(1)	$292	$285

(1) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2011 and 2010.

25. REPORTABLE OPERATING SEGMENTED INFORMATION

The Company operates primarily in Canada and the majority of its assets are located in Canada.

At March 31, 2011 the Company has four reportable operating segments each including related exploration and development activities, Mount Polley, Huckleberry, Red Chris and Corporate. Transactions between reportable operating segments are recorded at fair value.

In periods prior to December 31, 2010 the Company's Red Chris segment was part of the Corporate segment.

A reportable operating segment is defined as a component of the Company:
- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

As at March 31, 2011, the Mount Polley and Huckleberry segments were in commercial production and are earning revenue through the sale of copper and molybdenum and concentrate to external customers. As at March 31, 2011, the Red Chris segment has yet to achieve commercial production, and earns revenues as finance income. As at March 31, 2011 the Corporate segment does not include any properties that have achieved commercial production, and earns minimal revenue as finance income.

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The Company's reportable operating segments are summarized in the following table:

	Three Months Ended March 31, 2011				
	Mount Polley	Huckleberry	Red Chris	Corporate	Total
Reportable segmented revenues	$56,452	$40,128	$ -	$622	$97,202
Less inter-segment revenues	-	-	-	(22)	(22)
Revenues from external sources	$56,452	$40,128	$ -	$600	$97,180
Net Income (loss)	$(495)	$14,459	$(231)	$6,020	$19,753
Depletion and Depreciation	$6,481	$1,108	$ -	$164	$7,753
Finance Costs	$(76)	$(1,076)	$ -	$(1,540)	$(2,692)
Capital Expenditures	$6,088	$437	$3,366	$1,296	$11,187
Total Assets	$186,102	$92,314	$127,073	$36,872	$442,361
Total Liabilities	$63,173	$27,290	$2,228	$24,625	$117,316

	Three Months Ended March 31, 2010				
	Mount Polley	Huckleberry	Red Chris	Corporate	Total
Reportable segmented revenues	$47,468	$21,829	$ -	$171	$69,468
Less inter-segment revenues	(126)	-	-	(22)	(148)
Revenues from external sources	$47,342	$21,829	$ -	$149	$69,320
Net Income (loss)	$5,649	$4,418	$(42)	$(11,712)	$(1,687)
Depletion and Depreciation	$5,041	$531	$ -	$128	$5,700
Finance Costs	$(187)	$1,324	$3	$29	$1,169
Capital Expenditures	$5,849	$930	$2,804	$631	$10,214
Total Assets	$160,551	$74,212	$104,100	$39,652	$378,515
Total Liabilities	$62,183	$32,498	$1,888	$41,103	$137,672

	Three Months Ended March 31	
	2011	2010
Revenue by geographic area		
Japan (1)	$68,013	$45,676
United States	(199)	23,308
Europe	28,544	-
Canada	822	336
	$97,180	$69,320

(1) Including $40,128 (2010-$21,829) related to Huckleberry

Revenues are attributed to geographic area based on country of customer.

In the three months ended March 31, 2011, the Company had three principal customers (March 31, 2010–three principal customers) with each customer accounting for 29%, 28% and 26% of revenues (March 31, 2010–34%, 34% and 20% of revenues). The Company is not reliant on any one customer to remain as a going concern.

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26. COMMITMENTS AND PLEDGES

(a) At March 31, 2011 the Company is committed to future minimum operating lease payments, including $322 related to Huckleberry, as follows:

2011	$521
2012	175
2013	64
2014	53
2015	31
	$844

(b) As at March 31, 2011 Huckleberry had outstanding copper and foreign exchange derivative instruments with three counterparties. In coordination with the outstanding derivative instruments, Huckleberry is obligated to provide security deposits which are dependent upon the net fair value of the outstanding derivative instruments at period end. Huckleberry had US$11,000 of security deposits outstanding at March 31, 2011 representing US$2,000 in initial margin security deposits and US$9,000 in mark to market security deposits. The initial security deposit is not subject to change and will remain outstanding until the maturity of the final derivative instrument with the counterparty. Should Huckleberry acquire additional derivative instruments then Huckleberry may be required to increase the initial security margin deposits the amount of which is dependent upon the quantity, type and maturity date of the derivative instrument and the counterparty. The mark to market security deposit required is calculated as the net fair value liability of the outstanding copper and foreign exchange derivative instruments with the counterparty less the borrowing limit granted by the counterparty. As at March 31, 2011 Huckleberry's derivative instruments not yet settled had a net fair value liability of US$7,756 (March 31, 2010-US$6,216).

(c) The Company has pledged cash deposits of $7,827 (December 31, 2010-$7,929), including $3,114 (December 31, 2010-$3,114) related to Huckleberry, shown as future site reclamation deposits and certain mining equipment and supplies inventory with a pledged value of $1,370 (December 31, 2010-$1,370) as security for future site reclamation obligations (Note 12).

(d) The Company is obligated to increase its reclamation bond funding by $3,000 by December 31, 2011, $3,000 by December 31, 2012, and $3,150 by December 31, 2013, all of which is related to Huckleberry.

(e) Subsequent to March 31, 2011 the Company entered into two agreements to purchase various mill and mobile mining equipment at a cost of US$18,000. A deposit of US$3,600 was paid on signing the agreements with US$13,840 due on June 23, 2011 and US$140 due on August 31, 2011.

27. CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. In the opinion of management, except as disclosed below, these matters will not have a material effect on the Company's consolidated financial position or financial performance.

In 2007 the Company acquired bcMetals Corporation which was at the time a party to an action involving an allegation of conduct oppressive to the minority shareholders of ABML. Following the acquisition, the Company amalgamated bcMetals Corporation and its wholly owned subsidiary, Red Chris Development Company Ltd. with the continuing company adopting the name Red Chris Development Company Ltd. ("RCDC"). On April 12, 2011 an agreement was entered into in connection with this action pursuant to which the Company has agreed to fund the purchase by its wholly owned subsidiary, RCDC of all the issued and outstanding common shares of ABML not presently owned by RCDC. The purchase price for such shares purchased will be approximately $24,000. Although the Company and ABML have entered into this agreement with respect to these claims, these legal actions remain subject to approval of the agreement by the shareholders of ABML and the Supreme Court of British Columbia.

28. TRANSITION TO IFRS

As stated in Note 2, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the period ended March 31, 2011, the comparative information presented in these financial statements for the period ended March 31, 2010 and in preparation of an opening IFRS Statement of Financial Position at January 1, 2010 (the Company's Date of Transition) and as at December 31, 2010.

IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the transition date, which is January 1, 2010. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

IFRS Mandatory Exceptions

The Company has applied the following mandatory exceptions to its opening statement of financial position dated January 1, 2010:

Estimates
Hindsight is not used to create or revise estimates. The estimates previously made by the Company under GAAP were not revised for application of IFRS.

De-recognition of Financial Assets and Financial Liabilities
Non-derivative financial assets and liabilities previously de-recognized under GAAP as a result of a transaction occurring prior to January 1, 2004 are not recognized under IFRS. The Company will apply the de-recognition criteria for non-derivative financial assets and liabilities under IFRS prospectively to all transactions occurring after January 1, 2004.

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IFRS Optional Exemptions

The Company has applied the following optional exemptions to its opening statement of financial position dated January 1, 2010:

Business Combinations
IFRS 1 provides the option to apply IFRS 3, *Business Combinations*, retrospectively or prospectively from the Date of Transition. Retrospective application would require restatement of all business combinations that occurred prior to the Date of Transition. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Date of Transition and such business combinations have not been restated.

Fair Value or Revaluation as Deemed Cost
IFRS 1 provides the option to use a previous GAAP revaluation at, or before, the Date of Transition as its deemed cost at the Date of Transition, if the revaluation was, at the date of the revaluation, broadly comparable to: a) fair value; or b) cost or depreciated cost in accordance with IFRS.

At fiscal year end December 31, 2008, due to a decrease in copper prices, the Huckleberry Mine was deemed to be impaired, and subsequently the carrying amount was written down to nil to reflect its fair value. The Company elected to apply the transitional provisions to use the December 31, 2008 revaluation as its deemed cost as at December 31, 2008.

Leases
IFRS 1 provides the option to apply the transitional provisions in IFRIC 4 *Determining whether an Arrangement contains a Lease*, to determine if arrangements contain a lease at the Date of Transition rather than at the inception of the arrangement. The Company elected to apply the transitional provisions in IFRIC 4 to assess whether existing arrangements contain a lease at the Date of Transition. No arrangements were determined to contain a lease at the Date of Transition.

Cumulative Translation Differences
Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the Date of Transition. The Company elected to reset all cumulative translation gains and losses to zero in opening retained earnings at its Date of Transition.

Share-Based Payments
IFRS 2, *Share-based Payments*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Date of Transition. The Company elected to apply the exemption provided under IFRS 1 and apply IFRS 2 to all equity instruments granted after November 7, 2002 that had not vested by the Date of Transition. Further, the Company applied IFRS 2 for all liabilities arising from share-based payment transactions that existed at its Date of Transition. There was no material adjustment to share based compensation liability as a result of the transition method elected.

Decommissioning Liabilities Included in the Cost of Property, Plant and Equipment
IFRS 1 provides the option to avoid full retrospective application of the transitional provisions in IFRIC 1 *Changes in Existing Decommissioning, Reclamation and Similar Liabilities* when recalculating the asset related to the future site reclamation provisions at the Date of Transition. The Company elected to apply the IFRS 1 exemption and recalculate the future site reclamation asset using the method prescribed under IFRS 1 at the Date of Transition.

Borrowing Costs
IFRS 1 provides the option to avoid full retrospective application of the transitional provisions in IAS 23, *Borrowing Costs*. The Company elected to apply the IFRS 1 exemption and apply IAS 23, on a prospective basis, to capitalize borrowing costs related to all qualifying assets commencing as at the Date of Transition.

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Adjustments and Reclassifications on Transition to IFRS

The following is a summary of the Company's IFRS transition adjustments, including reclassifications, and the Company's 50% of Huckleberry:

	December 31 2010	January 1 2010
Increase (decrease)		
Trade and other receivables	$(1,576)	$1,380
Taxes receivable	$ -	$(2,751)
Inventory	$142	$(30)
Prepaid expenses and deposits	$1,576	$1,371
Deferred income tax assets – current	$(4,586)	$(3,808)
Mineral properties	$2,580	$(370)
Future site reclamation deposits	$(7,929)	$(6,456)
Other assets	$7,929	$6,456
Deferred income tax assets – non-current	$3,843	$3,111
Current portion of debt component of convertible debenture	$ -	$57
Current portion of future site reclamation provisions	$ -	$8
Deferred income taxes liability – current	$(10,486)	$(7,413)
Future site reclamation provisions	$6,075	$6,772
Deferred income taxes liability – non-current	$11,149	$7,117
Share capital	$(1,248)	$(98)
Share option reserve	$573	$ -
Equity component of convertible debenture	$ -	$(1,146)
Cumulative transaction account	$(742)	$ -
Retained earnings	$(3,342)	$(6,394)

(a) Translation of foreign subsidiaries

Under GAAP the Company used the temporal method to translate transactions and balances denominated in foreign currencies. Under this method, monetary items are translated at the rate of exchange in effect at the reporting date and non-monetary items are translated at historical exchange rates. Revenues and expense items are translated at average exchange rates in the month they occur except for depletion, depreciation and amortization of assets which are translated using the same rates as the related assets. Gains and losses on translation are recorded in the statement of comprehensive income.

Under IFRS, the Company uses the Current method to translate transactions and balances denominated in foreign currencies. Assets and liabilities are translated at the period end rates of exchange, and the results of their operations are translated at the rate of exchange in effect on the date of the transaction. Material transactions are translated at the actual rate prevailing at the date of transaction. Equity is translated at historical cost. The resulting translation adjustments are included in cumulative translation adjustment in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in equity. Foreign exchange gains and losses that relate to debt are presented in the statement of comprehensive income within "Financing costs". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "Foreign exchange loss (gain)". There was no change in the Company's functional currency adoption of IFRS.

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(b) Future Site Reclamation Provisions

Under GAAP the estimate of future site reclamation costs including costs for dismantling, remediation and ongoing treatment and monitoring of the site are based on third party rates. The present value of the obligation is determined using the Company's credit adjusted risk free interest rate.

Under IFRS the estimate of future site reclamation provisions including costs for dismantling, remediation and ongoing treatment and monitoring of the site are based on the Company's best estimate. The best estimate is the amount that the Company would pay to settle the obligation. In satisfying the future site reclamation obligation, the Company would use a combination of third party contractors and in-house labour and machinery and equipment. The present value of the obligation is determined using the pre-tax risk free interest rate.

As a result of the change to the cost base of mineral properties, even though depletion and depreciation are calculated in the same manner, the amount of depreciation differs.

(c) Componentization

On transition to IFRS the Company elected to review and clarify its accounting policy to account for parts of an item of property, plant and equipment that have different useful lives than the underlying asset as separate items (major components) of property, plant and equipment.

As a result of the change to the cost base of mineral properties, even though depletion and depreciation are calculated in the same manner, the amount of depreciation differs.

(d) Depletion and Depreciation in Inventory

As a result of the adjustments to mineral properties (Note 28 (b) & (c)) on conversion to IFRS, there is a corresponding adjustment to the amount of depletion and depreciation expense and the amount thereof allocated to inventory at each reporting date.

(e) Convertible Debentures

Under GAAP, the net proceeds of the debentures are allocated between the debt and equity components based on the pro rata allocation of the estimated fair values of each component on the date the convertible debentures are issued. The estimated fair value of the debt component is calculated as the present value of the future payments of principal and interest on the debentures, discounted at the prevailing rate for similar obligations without a conversion right. The estimated fair value of the equity component, the conversion right, is calculated based on a Black-Scholes Model. The financial liability component, representing the value allocated to the liability at inception, is recorded as a long term liability. The remaining component, representing the value ascribed to the holders' option to convert the principal balance into common shares of the Company, is classified as "Equity Component of Convertible Debentures" in shareholders' equity. The debt component of the convertible debenture is accreted to the face value of $20,000 through the recording of additional interest expense over the term of the convertible debenture.

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Under IFRS, the gross proceeds less issue expenses related to the equity component, conversion right of the debentures are allocated between the debt and equity components as follows: the estimated fair value of the debt component is calculated as the present value of the future payments of principal and interest on the debentures, discounted at the prevailing rate for similar obligations without a conversion right. The estimated fair value of the equity component, conversion right is calculated by deducting the debt component from the face value of the debentures less issue expenses allocated to the conversion right. The financial liability component, representing the value allocated to the liability at inception, is recorded as a long term liability. The remaining component, representing the value ascribed to the holders' option to convert the principal balance into common shares of the Company, is classified as "Equity Component of Convertible Debentures" in shareholders' equity. The debt component of the convertible debenture is accreted to the face value through the recording of accretion expense over the term of the convertible debenture.

(f) Huckleberry Mines Ltd. Adjustments on Transition to IFRS

The following is a summary of the Company's 50% interest in Huckleberry's IFRS transition adjustments, including reclassifications:

	December 31 2010	January 1 2010
Increase (decrease)		
Trade and other receivables	$(193)	$(176)
Prepaid expenses and deposits	$193	$176
Inventory	$116	$(49)
Mineral properties	$626	$837
Deferred income tax assets – current	$(2,993)	$(2,780)
Deferred income tax assets – non-current	$2,249	$2,083
Reclamation bonds	$(3,114)	$(1,614)
Other assets	$3,114	$1,614
Future site reclamation provisions	$5,034	$5,573
Retained earnings	$5,036	$5,482

1. *Reversal of Previous Impairment Losses*

   Other than assets held for sale, GAAP prohibits any reversal of impairment losses. Under IFRS reversal of impairment losses is required when there has been a change in estimates used to determine the recoverable amount. The reversal of impairment losses is to not exceed the carrying amount that would have been determined (net of depletion and depreciation) had no impairment loss been recognized for the asset in prior years.

   At fiscal year end December 31, 2008, due to a decrease in copper prices, the Huckleberry Mine was deemed to be impaired, and subsequently the carrying amount was written down to nil. In accordance with IFRS 1, this value is the elected deemed cost as at January 1, 2009. During the period ending June 30, 2009 all additions to mineral properties were capitalized, deemed impaired and written down to nil. At June 30, 2009 the price of copper had increased to a level that a decision was made to extend the life of mine. All mineral property additions subsequent to June 30, 2009 were capitalized. As a result of the extension of the mine life and the increase of copper prices, the recoverable amount was determined to exceed the carrying amount. As such, the impairment losses for additions to the mineral properties occurring between January 1, 2009 and June 30, 2009 are required to be reversed net of depreciation.

   As a result of the change to the cost base of mineral properties, even though depletion and depreciation are calculated in the same manner, the amount of depreciation differs.

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2. *Componentization*
   On transition to IFRS the Company elected to review and clarify its accounting policy to account for parts of an item of property, plant and equipment that have different useful lives than the underlying asset as separate items (major components) of property, plant and equipment.

   As a result of the change to the cost base of mineral properties, even though depletion and depreciation are calculated in the same manner, the amount of depreciation differs.

3. *Depreciation in Inventory*
   As a result of the adjustments to mineral properties on conversion to IFRS, there is a corresponding adjustment to the amount of depletion and depreciation capitalized to inventory at each reporting date.

4. *Future Site Reclamation Provisions*
   Under GAAP the estimate of future site reclamation costs including costs for dismantling, remediation and ongoing treatment and monitoring of the site are based on third party rates. The present value of the obligation is determined using the Company's credit adjusted risk free interest rate.

   Under IFRS the estimate of future site reclamation provisions including costs for dismantling, remediation and ongoing treatment and monitoring of the site are based on the Company's best estimate. The best estimate is the amount that the Company would pay to settle the obligation. In satisfying the future site reclamation obligation, the Company would use a combination of third party contractors and in-house labour and machinery and equipment. The present value of the obligation is determined using the pre-tax risk free interest rate.

   As a result of the change to the cost base of mineral properties, even though depletion and depreciation are calculated in the same manner, the amount of depreciation differs.

5. *Deferred Income Taxes*
   As a result of the adjustments to the accounting carrying values of certain assets and liabilities on transition to IFRS, the corresponding temporary differences between the accounting and tax carrying values have increased or decreased. As a result of the increase or decrease to the temporary differences, an adjustment has been made to the carrying value of the Deferred Income Taxes.

6. *Reclassification of Deferred Income Taxes*
   Under GAAP future income taxes were classified as current or non-current based upon the classification of the underlying asset/liability, or if unrelated to an asset/liability based upon the expected date of reversal. Under IFRS, all deferred income taxes are classified as non-current.

(g) Deferred Income Taxes

As a result of the adjustments to the accounting carrying values of certain assets and liabilities on transition to IFRS, the corresponding temporary differences between the accounting and tax carrying values have increased or decreased. As a result of the increase or decrease to the temporary differences, an adjustment has been made to the carrying value of the Deferred Income Taxes.

(h) Reclassification of Deferred Income Taxes

Under GAAP future income taxes were classified as current or non-current based upon the classification of the underlying asset/liability, or if unrelated to an asset/liability based upon the expected date of reversal. Under IFRS, all deferred income taxes are classified as non-current.

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(i) Presentation

The presentation of the statement of financial position, statement of income and comprehensive income and the statement of cash flow in accordance with IFRS differs from the presentation of the statement of financial position, statement of income and comprehensive income and the statement of cash flow in accordance with Canadian GAAP and as a result certain financial statement items have been reclassified to conform to the presentation adopted for IFRS.

(j) Reconciliation to Previously Reported Financial Statements

A reconciliation of the above noted changes is included in these following Statement of Financial Positions and Statements of Comprehensive Income for the dates noted below.

(k) Share Based Compensation

Under Canadian GAAP estimated forfeitures do not need to be included in the calculation of share based compensation expense.

Under IFRS forfeitures must be included in the calculation of share based compensation expenses and as a result, share based compensations expense is adjusted for this difference.

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Transitional Consolidated Statement of Financial Position Reconciliation – January 1, 2010

	Notes	January 1, 2010 Canadian GAAP	Effect of Transition to IFRS	IFRS Re-classifications	IFRS
ASSETS					
Current Assets					
Cash and cash equivalents		$23,854	$ -	$ -	$23,854
Marketable securities		216	-	-	216
Trade and other receivables	*(i)*	42,188	-	1,380	43,568
Taxes receivable	*(i)*	2,751	-	(2,751)	-
Inventory	*(d)(f(3))*	28,953	(30)	-	28,923
Derivative instrument assets and margin deposits		5,846	-	-	5,846
Prepaid expenses and deposits	*(i)*	-	-	1,371	1,371
Deferred income taxes	*(h)(f(6))*	3,808	-	(3,808)	-
		107,616	(30)	(3,808)	103,778
Derivative Instrument Assets and Margin Deposits		4,524	-	-	4,524
Mineral Properties	*(a)(b)(c)(f(1)(2)(4))*	247,253	(370)	-	246,883
Future Site Reclamation Deposits	*(i)*	6,456	-	(6,456)	-
Deferred Income Taxes	*(g)(h)(f(5)(6))*	6,874	(697)	3,808	9,985
Other Assets	*(i)*	348	-	6,456	6,804
		$373,071	$(1,097)	$ -	$371,974
LIABILITIES					
Current Liabilities					
Trade and other payables		$20,456	$ -	$ -	$20,456
Taxes payable		6,325	-	-	6,325
Short term debt		5,679	-	-	5,679
Derivative instrument liabilities		14,026	-	-	14,026
Current portion of share based compensation liability		9,411	-	-	9,411
Current portion of non-current debt		1,436	-	-	1,436
Current portion of debt component of convertible debentures	*(e)*	13,746	57	-	13,803
Current portion of future site reclamation provisions	*(b)(f(4))*	1,070	8	-	1,078
Deferred income taxes	*(h)(f(6))*	7,413	-	(7,413)	-
		79,562	65	(7,413)	72,214
Derivative Instrument Liabilities		4,339	-	-	4,339
Non-Current Debt		1,220	-	-	1,220
Future Site Reclamation Provisions	*(b)(f(4))*	13,438	6,772	-	20,210
Share Based Compensation Liability		732	-	-	732
Deferred Income Taxes	*(f(5)(6))(g)(h)*	39,668	(296)	7,413	46,785
		138,959	6,541	-	145,500
SHAREHOLDERS' EQUITY					
Share Capital	*(e)*	76,225	(98)	-	76,127
Share Option Reserve		918	-	-	918
Equity Component of Convertible Debentures	*(e)*	4,808	(1,146)	-	3,662
Retained Earnings		152,161	(6,394)	-	145,767
		234,112	(7,638)	-	226,474
		$373,071	$(1,097)	$ -	$371,974

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Consolidated Interim Statement of Financial Position Reconciliation – March 31, 2010

		March 31, 2010			
	notes	Canadian GAAP	Effect of Transition to IFRS	IFRS Re-classifications	IFRS
ASSETS					
Current Assets					
Cash and cash equivalents		$25,610	$ -	$ -	$25,610
Marketable securities		233	-	-	233
Trade and other receivables	*(i)*	45,699	-	3,769	49,468
Taxes receivable	*(i)*	4,725	-	(4,725)	-
Inventory	*(d)(f(3))*	22,533	68	-	22,601
Derivative instrument assets and margin deposits		6,188	-	-	6,188
Prepaid expenses and deposits	*(i)*	-	-	956	956
Deferred income taxes	*(h)(f(6))*	4,339	-	(4,339)	-
		109,327	68	(4,339)	105,056
Derivative Instrument Assets and Margin Deposits		5,548	-	-	5,548
Mineral Properties	*(a)(b)(c)(f(1)(2)(4))*	251,604	(39)	-	251,565
Future Site Reclamation Deposits	*(i)*	6,374	-	(6,374)	-
Deferred Income Taxes	*(g)(h)(f(5)(6))*	6,093	(794)	4,339	9,638
Other Assets	*(i)*	334	-	6,374	6,708
		$379,280	$(765)	$ -	$378,515
LIABILITIES					
Current Liabilities					
Trade and other payables		$21,433	$ -	$ -	$21,433
Taxes payable		7,416	-	-	7,416
Short term debt		4,811	-	-	4,811
Derivative instrument liabilities		16,191	-	-	16,191
Current portion of share based compensation liability		16,251	-	-	16,251
Current portion of non-current debt		1,593	-	-	1,593
Current portion of future site reclamation provisions	*(b)(f(4))*	1,073	8	-	1,081
Deferred income taxes	*(h)(f(6))*	3,104	-	(3,104)	-
		71,872	8	(3,104)	68,776
Derivative Instrument Liabilities		1,213	-	-	1,213
Non-Current Debt		1,521	-	-	1,521
Future Site Reclamation Provisions	*(b)(f(4))*	13,677	6,703	-	20,380
Share Based Compensation Liability		2,133	-	-	2,133
Deferred Income Taxes	*(f(5)(6))(g)(h)*	40,705	(160)	3,104	43,649
		131,121	6,551	-	137,672
SHAREHOLDERS' EQUITY					
Share Capital	*(e)*	97,569	(1,248)	-	96,321
Share Option Reserve		918	-	-	918
Currency Translation Adjustment	*(a)*	-	(476)	-	(476)
Retained Earnings	*(e)*	149,672	(5,592)	-	144,080
		248,159	(7,316)	-	240,843
		$379,280	$(765)	$ -	$378,515

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2011 and 2010
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share and per share amounts

Consolidated Interim Statement of Comprehensive Income Reconciliation – March 31, 2010

		Three Months Ended March 31, 2010			
	notes	Canadian GAAP	Effect of Transition to IFRS	IFRS Re-classifications	IFRS
Revenue	*(i)*	$69,371	$ -	$(51)	$69,320
Cost of Sales	*(c)(f(2))(i)*	47,871	(545)	5,698	53,024
Income from Mine Operations		21,500	545	(5,749)	16,296
Expenses					
Mineral property holding costs	*(i)*	328	-	(328)	-
Depletion and depreciation	*(d)(i)*	5,978	(278)	(5,700)	-
General and administration	*(i)*	1,042	-	12,157	13,199
Share based compensation	*(i)*	10,771	-	(10,771)	-
Accretion of future site reclamation costs and interest on non-current debt	*(b)(c)(f(4))(i)*	497	(139)	(358)	-
Other interest	*(i)*	177	-	(177)	-
Interest on long term debt	*(i)*	171	-	(171)	-
Foreign exchange loss	*(a)(i)*	597	(73)	(524)	-
		19,561	(490)	(5,872)	13,199
Finance Costs	*(i)*	-	-	(1,169)	(1,169)
Realized and unrealized gains on derivative instruments	*(i)*	(1,063)	-	1,063	-
Other Income	*(i)*	74	-	(17)	57
Income before Taxes		950	1,035	-	1,985
Income and Mining Taxes	*(g)(h)*	3,439	233	-	3,672
Net (Loss) Income Attributable to Equity Shareholders of the Company		(2,489)	802	-	(1,687)
Other Comprehensive (Loss) Income – currency translation adjustment	*(a)*	-	(476)	-	(476)
Total Comprehensive (Loss) Income Attributable to Equity Shareholders of the Company		$(2,489)	$326	$ -	$(2,163)
Loss Per Share					
Basic		$(0.07)			$(0.05)
Diluted		$(0.07)			$(0.05)
Weighted Average Number of Common Shares Outstanding					
Basic		34,791,044			34,791,044
Diluted		34,791,044			34,791,044

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2011 and 2010
Unaudited – Prepared by Management
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Consolidated Interim Statement of Cash Flows Reconciliation – March 31, 2010

		Three Months Ended March 31, 2010			
	notes	Canadian GAAP	Effect of Transition to IFRS	IFRS Re-classifications	IFRS
OPERATING ACTIVITIES					
Net Income (loss) before taxes		$(2,489)	$802	$3,672	$1,985
Items not affecting cash flows					
Depletion and depreciation	*(d)*	5,978	(278)	-	5,700
Share based compensation, net of cash paid		9,669	-	-	9,669
Accretion of debt and future site reclamation provisions	*(b)(e)(f(4))*	497	(139)	-	358
Unrealized foreign exchange (gain) loss	*(a)*	(85)	(73)	-	(158)
Future income taxes	*(g)(h)(i)*	(3,021)	233	2,788	-
Unrealized gains on derivative instruments		(459)	-	-	(459)
Interest paid	*(i)*	-	-	(349)	(349)
Other		(31)	-	-	(31)
		10,059	545	5,762	16,715
Net change in non cash operating working capital balances	*(i)*	301	-	1,106	1,407
Income and mining taxes paid	*(i)*	-	-	(7,217)	(7,217)
Cash provided by operating activities		10,360	545	-	10,905
FINANCING ACTIVITIES					
Proceeds of short term debt		15,759	-	-	15,759
Repayment of short term debt		(16,122)	-	-	(16,122)
Repayment of long term debt		(348)	-	-	(348)
Issue of share capital		1,146	-	-	1,146
Cash provided by financing activities		435	-	-	435
INVESTING ACTIVITIES					
Acquisition and development of mineral properties	*(c)(f(2))*	(8,809)	(545)	-	(9,354)
Other		218	-	-	218
Cash used in investing activities		(8,591)	(545)	-	(9,136)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS		(448)	-	-	(448)
INCREASE IN CASH AND CASH EQUIVALENTS		1,756	-	-	1,756
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		23,854	-	-	23,854
CASH AND CASH EQUIVALENTS, END OF PERIOD		$25,610	$ -	$ -	$25,610

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2011 and 2010
Unaudited – Prepared by Management
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Consolidated Statement of Financial Position Reconciliation – December 31, 2010

		December 31, 2010			
	notes	Canadian GAAP	Effect of Transition to IFRS	IFRS Re-classifications	IFRS
ASSETS					
Current Assets					
Cash and cash equivalents		$28,818	$ -	$ -	$28,818
Short term investments		1,500	-	-	1,500
Marketable securities		384	-	-	384
Trade and other receivables	*(i)*	55,168	-	(1,576)	53,592
Inventory	*(d)(f(3))*	41,620	142	-	41,762
Derivative instrument assets and margin deposits		5,229	-	-	5,229
Prepaid expenses and deposits	*(i)*	-	-	1,576	1,576
Deferred income taxes	*(h)(f(6))*	4,586	-	(4,586)	-
		137,305	142	(4,586)	132,861
Derivative Instrument Assets and Margin Deposits		8,625	-	-	8,625
Mineral Properties	*(a)(b)(f(1)(2)(4))*	271,102	2,580	-	273,682
Future Site Reclamation Deposits	*(i)*	7,929	-	(7,929)	-
Deferred Income Taxes	*(h)(f(5)(6))*	14,796	(743)	4,586	18,639
Other Assets	*(i)*	284	-	7,929	8,213
		$440,041	$1,979	$ -	$442,020
LIABILITIES					
Current Liabilities					
Trade and other payables		$24,324	$ -	$ -	$24,324
Taxes payable		3,921	-	-	3,921
Short term debt		10,439	-	-	10,439
Derivative instrument liabilities		20,103	-	-	20,103
Current portion of non-current debt		1,461	-	-	1,461
Current portion of future site reclamation provisions		982	-	-	982
Deferred income taxes	*(h)(f(6))*	10,486	-	(10,486)	-
		71,716	-	(10,486)	61,230
Derivative Instrument Liabilities		2,064	-	-	2,064
Non-Current Debt		1,054	-	-	1,054
Future Site Reclamation Provisions	*(b)(f(4))*	14,744	6,075	-	20,819
Deferred Income Taxes	*(f(5)(6))(h)(i)*	41,657	663	10,486	52,806
		131,235	6,738	-	137,973
SHAREHOLDERS' EQUITY					
Share Capital	*(e)*	113,026	(1,248)	-	111,778
Share Option Reserve	*(k)*	8,296	573	-	8,869
Currency Translation Adjustment	*(a)*	-	(742)	-	(742)
Retained Earnings	*(e)*	187,484	(3,342)	-	184,142
		308,806	(4,759)	-	304,047
		$440,041	$1,979	$ -	$442,020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2011 and 2010

Unaudited – Prepared by Management

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

Consolidated Statement of Comprehensive Income Reconciliation – December 31, 2010

		December 31, 2010			
	notes	Canadian GAAP	Effect of Transition to IFRS	IFRS Re-classifications	IFRS
Revenue	*(i)*	$246,851	$ -	$(580)	$246,271
Cost of Sales	*(c)(f(2))(i)*	152,730	(4,078)	23,308	171,960
Income from Mine Operations		94,121	4,078	(23,888)	74,311
Expenses					
Mineral property holding costs	*(i)*	1,659	-	(1,659)	-
Depletion and depreciation	*(d)(i)*	24,124	317	(24,441)	-
General and administration	*(i)*	4,249	-	14,205	18,454
Share based compensation	*(i)(k)*	9,208	573	(9,781)	-
Interest on long term debt	*(i)*	258	-	(258)	-
Other interest	*(i)*	324	-	(324)	-
Interest accretion on future site reclamation provisions and interest on non-current debt	*(b)(e)(f(4))(i)*	1,343	(372)	(971)	-
Foreign exchange loss	*(a)(i)*	2,321	(61)	(2,260)	-
Future site reclamation recovery	*(f(4))(h)(i)*	(757)	(436)	1,193	-
		42,729	21	(24,296)	18,454
Finance Costs	*(i)*	-	-	(11,398)	(11,398)
Realized and unrealized losses on derivative instruments	*(i)*	(11,157)	-	11,157	-
Other Income	*(i)*	245	-	(167)	78
Income before Taxes		40,480	4,057	-	44,537
Income and Mining Taxes	*(g)(h)*	5,157	1,005	-	6,162
Net Income Attributable to Equity Shareholders of the Company		35,323	3,052	-	38,375
Other Comprehensive (Loss) Income – currency translation adjustment	*(a)*	-	(742)	-	(742)
Total Comprehensive Income Attributable to Equity Shareholders of the Company		$35,323	$2,310	$ -	$37,633
Income Per Share					
Basic		$0.98			$1.06
Diluted		$0.96			$1.05
Weighted Average Number of Common Shares Outstanding					
Basic		36,145,881			36,145,881
Diluted		36,636,234			36,636,234

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2011 and 2010
Unaudited – Prepared by Management
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Consolidated Interim Statement of Cash Flows Reconciliation – December 31, 2010

		December 31, 2010			
	notes	Canadian GAAP	Effect of Transition to IFRS	IFRS Re-classifications	IFRS
OPERATING ACTIVITIES					
Net income before taxes		$35,323	$3,052	$6,162	$44,537
Items not affecting cash flows				-	
Depletion and depreciation	(d)	24,124	317	-	24,441
Share based compensation, net of cash paid	(k)	8,063	573	-	8,636
Accretion of debt and future site reclamation provisions	(b)(e)(f(4))	1,343	(372)	-	971
Unrealized foreign exchange (gain) loss	(a)	749	(61)	-	688
Future income taxes	(g)(h)(i)	(3,638)	1,005	2,633	-
Unrealized (gains) losses on derivative instruments	(a)	1,101	-	-	1,101
Interest paid	(i)	-	-	(602)	(602)
Future site reclamation recovery	(b)(f(4))	(757)	(436)	-	(1,193)
Other		(790)	-	-	(790)
		65,518	4,078	8,193	77,789
Net change in non cash operating working capital balances	(i)	(20,185)	-	350	(19,835)
Taxes paid	(i)	-	-	(8,543)	(8,543)
Cash provided by operating activities		45,333	4,078	-	49,411
FINANCING ACTIVITIES					
Proceeds of short term debt		269,822	-	-	269,822
Repayment of short term debt		(264,538)	-	-	(264,538)
Repayment of long term debt		(1,759)	-	-	(1,759)
Issue of share capital		7,204	-	-	7,204
Cash provided by financing activities		10,729	-	-	10,729
INVESTING ACTIVITIES					
Increase in short term investments		(1,500)	-	-	(1,500)
Acquisition and development of mineral properties	(c)(f(2))	(46,851)	(4,078)	-	(50,929)
Increase in future site reclamation deposits		(1,610)	-	-	(1,610)
Other		177	-	-	177
Cash used in investing activities		(49,784)	(4,078)	-	(53,862)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS		(1,314)	-	-	(1,314)
INCREASE IN CASH AND CASH EQUIVALENTS		4,964	-	-	4,964
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		23,854	-	-	23,854
CASH AND CASH EQUIVALENTS, END OF PERIOD		$28,818	$ -	$ -	$28,818

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3 Corporate Governance & Nominating Committee

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Vice President, Corporate Affairs
Gordon Keevil
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