President's Message

Imperial's comparative financial results for the three and six months ended June 30, 2015 and 2014 are summarized below and discussed in detail in the Management's Discussion and Analysis. The Company's financial results are prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency of the Company is the Canadian ("CDN") Dollar.

expressed in thousands, except per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Revenues	$1,726	$51,066	$3,259	$102,401
(Loss) income from mine operations	$(2,981)	$17,451	$(4,694)	$33,343
Equity income in Huckleberry	$626	$1,390	$33	$82
Net income (loss)	$1,644	$15,213	$(31,740)	$21,070
Net income (loss) per share	$0.02	$0.20	$(0.42)	$0.28
Adjusted net (loss) income (1)	$(9,371)	$8,899	$(17,383)	$15,798
Adjusted net (loss) income per share (1)	$(0.12)	$0.12	$(0.23)	$0.21
Adjusted EBITDA(1)	$(7,840)	$23,567	$(13,985)	$43,251
Cash flow (1)	$2,270	$21,494	$(3,791)	$41,811
Cash flow per share (1)	$0.03	$0.29	$(0.05)	$0.56

(1) Refer to Non-IFRS Financial Measures for further details.

Revenues were $1.7 million in the June 2015 quarter compared to $51.1 million in the 2014 comparative quarter. Revenue in the current quarter is primarily gold sales from the Sterling gold mine compared to two shipments of concentrate from the Mount Polley mine and gold sales from the Sterling gold mine in the 2014 comparative quarter. Three shipments of concentrate totalling approximately 30,000 tonnes were made during the current quarter from Red Chris. The shipments had a value of $52.5 million, booked as an offset to the Red Chris capital and development expenditures.

The Company recorded a net income of $1.6 million in the June 2015 quarter compared to net income of $15.2 million in the 2014 comparative quarter. The adjusted net loss in the June 2015 quarter was $9.4 million or $0.12 per share, versus adjusted net income of $8.9 million or $0.12 per share in the 2014 comparative quarter. Adjusted net income or loss is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from foreign exchange movements on non-current debt, from mark to market revaluation of copper, gold and foreign exchange derivative instruments, and non-recurring insurance recoveries related to the Mount Polley tailings dam breach. Adjusted net income is not a measure recognized under IFRS in Canada. It is intended to show the current period financial results excluding the effect of items not settling in the period or non-recurring in nature.

The June 2015 quarter net income included foreign exchange gains related to changes in CDN/US Dollar exchange rates of $7.1 million compared to foreign exchange gain of $13.2 million in the 2014 comparative quarter. The $7.1 million foreign exchange gain is comprised of a $6.6 million gain on the senior notes, a $0.8 million gain on long term equipment loans, and a loss of $0.3 million on other debt and operational items. The average CDN/US Dollar exchange rate in the June 2015 quarter was 1.229 compared to an average of 1.091 in the June 2014 quarter. The CDN/US Dollar exchange rate at June 30, 2015 was 1.247 compared to 1.268 at March 31, 2015.

The Company recorded $3.8 million unrealized net loss on copper, gold and foreign exchange derivatives in the June 2015 quarter compared to an unrealized net loss of $7.4 million in the 2014 comparative quarter. Gains of $0.7 million were realized on gold derivatives in the June 2015 quarter compared to a small realized loss on gold derivatives in the 2014 quarter.

Cash flow was $2.3 million in the six months ended June 30, 2015 compared to cash flow of $21.5 million in the 2014 comparative quarter. The $19.2 million decrease is primarily related to the absence of revenue from Mount Polley due to the suspension of mine operations following the tailings dam breach in 2014 offset in part by $11.0 million of insurance recoveries related to the Mount Polley tailings dam breach.

Capital expenditures, inclusive of capitalized interest, decreased to $48.9 million from $141.8 million in the 2014 comparative quarter. Expenditures in the current quarter were financed from non-current debt and from a $30.0 million line of credit facility. At June 30, 2015 the Company had $17.5 million in cash.

During the June 2015 quarter the Company did not purchase any common shares for cancellation.

Liquidity and Financing

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

The August 4, 2014 tailings dam breach at the Mount Polley mine has resulted in the loss of production from the mine until the limited restart on August 5, 2015. The Mount Polley mine was the primary source of cash flow for the Company at the time the tailings dam breach occurred. In the quarter ended June 30, 2015 the Company incurred $2.5 million on rehabilitation activities. To June 30, 2015 an aggregate of $61.0 million has been spent on rehabilitation at the Mount Polley mine following the tailings dam breach. To June 30, 2015 the Company had received $25.0 million of related insurance recoveries. Income and mining tax recoveries have also been recorded in connection with these costs, net of insurance recoveries. At June 30, 2015 the provision for rehabilitation costs to be incurred in the future was $6.4 million. The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

On January 30, 2015, the government-appointed independent panel investigating the Mount Polley tailings embankment failure released its report. The report concluded that the failure was sudden and without warning. It also concluded the failure was due to the fact that the independent engineer's design did not properly take into account the strength of the glacio-lacustrine layer approximately eight metres below the foundation of the embankment.

At June 30, 2015, the Company had cash of $17.5 million and a working capital deficiency of $73.4 million. Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced in February 2015.

On May 19, 2015 the Company announced its intention to conduct a financing of approximately $80.0 million along with a $30.0 million short term loan facility to provide interim funding to the Company while it completed the financing. The $80.0 million financing is comprised of three components: a rights offering to raise $44.0 million, backstopped by the Company's two largest shareholders, a private placement of common shares to raise $6.0 million and a private placement of convertible debentures to raise $30.0 million. The private placement of common shares closed on August 11, 2015 with the other two financings targeted to close on or about August 24, 2015. Refer to "Financings" under "Liquidity and Capital Resources" for further details. A portion of these financings will be used to repay the $30.0 million short term loan facility.

The funds from the financing, projected cash flow from the Red Chris and Mount Polley mines, as well as the available credit facilities and additional sources of financing, should be sufficient to fund the remaining estimated rehabilitation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation at the Mount Polley mine.

There can be no assurance that financing will be available on terms acceptable to the Company or at all should the Company require additional financial resources.

Red Chris Mine

An Impact, Benefit and Co-Management Agreement with the Tahltan Nation was signed on July 27, 2015. The agreement had earlier been approved by a referendum with 87% of respondents voting in favour.

Copper production for the second quarter was 12.67 million pounds, up significantly from the 4.72 million pounds produced in the March 2015 quarter. Mill throughput for the June 2015 quarter averaged 20,247 tonnes per day, with water supply being the largest single cause of downtime. By early July, water supply issues were resolved, and during the month a total of 730,339 tonnes were milled, producing 7.23 million pounds copper and 3,625 ounces gold. Metallurgical performance improved in July with a copper recovery of 80.9% and gold recovery of 53.2% being achieved. The current program for construction of the tailings dam is well underway with about 57% of the planned construction completed to the end of June 2015.

Management has concluded that the Red Chris mine achieved the accounting criteria for commercial production in July 2015. Effective July 1, 2015 the revenue from and expenses of operating the mine will be reported through the Statement of Income. The Red Chris mine has yet to achieve the mine completion tests under the Senior Credit Facility. The Company has until December 1, 2015 to meet these tests.

Red Chris Production	Six Months Ended June 30, 2015	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015
Ore milled - tonnes	2,667,379	1,851,608	815,771
Grade % - copper	0.484	0.502	0.443
Grade g/t - gold	0.243	0.238	0.254
Recovery % - copper	62.03	61.88	59.21
Recovery % - gold	31.87	31.94	31.63
Copper - lbs	17,397,000	12,677,000	4,720,000
Gold - oz	6,644	4,533	2,110
Silver - oz	25,742	18,721	7,021

Mount Polley Mine

Mount Polley restarted operations on August 5, 2015 following receipt of permit amendments on July 5, 2015 which allowed recommencement of the mine using a modified operation plan that includes the use of the Springer pit to contain the tailings produced. Operations commenced on a one week on, one week off basis, with ore coming from the Cariboo pit and the Boundary zone underground mine. The restart of the Mount Polley mill has progressed smoothly, and during the first week of the restarted operation, 140,790 tonnes of ore was treated, and approximately 1,400 tonnes of concentrate was produced containing approximately 830,000 pounds copper and 1,300 ounces gold.

With recommenced operations, the mine currently has 183 people employed at site.

The rehabilitation of the areas affected by the August 4, 2014 breach of the tailings embankment are continuing. Imperial remains committed to working with the Ministry of Environment, First Nations and the local community to mitigate the effects of the breach.

Huckleberry Mine

Throughput for the 2015 second quarter was 1.7 million tonnes, 24.7% more than achieved in the 2014 comparative quarter. This additional throughput along with slightly higher copper grade resulted in copper production of 11.5 million pounds in the second quarter 2015, up 24.9% from the comparable 2014 quarter.

Huckleberry Production*	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Ore milled – tonnes	1,726,751	1,384,384	3,293,245	2,281,449
Ore milled per calendar day – tonnes	18,975	15,213	18,195	12,605
Grade % – copper	0.338	0.334	0.342	0.324
Recovery % – copper	89.3	90.2	89.0	90.3
Copper – lbs	11,492,864	9,197,618	22,119,948	14,700,502
Gold - oz	866	744	1,681	1,197
Silver – oz	57,226	50,951	111,198	81,386

*production stated 100% - Imperial’s allocation is 50%

Sterling Mine

Underground mining operations were terminated at the end of May 2015. The Company awaits approval of the environmental assessment for the open pit mine from the Bureau of Land Management. The heap will continue to recover gold for a few more months. A total of 492 ounces gold were shipped from site during the June 2015 quarter.

An exploration program that includes soil sampling and geological mapping is being conducted in an area of favorable geology along the northern flank of Bare Mountain. Some of the staff, and much of Sterling’s underground mining equipment has been transferred to Mount Polley to assist in the underground mining of the Boundary zone.

Outlook

Following the signing of the Impact, Benefit and Co-Management Agreement with the Tahltan Nation on July 27, 2015, the Company looks forward to working together with the Tahltan Nation to make the Red Chris mine an important driver of employment and the economy in northwestern British Columbia. At the end of June 2015, First Nation employees represented over 28% of the Red Chris workforce. Operations at Red Chris will focus on completion of construction work at the tailings facility, and on maximizing the throughput and metallurgical performance of the processing plant.

At the Red Chris mine, the water supply issues were resolved in early July and the plant was able to run on a steadier basis. Operating time averaged 88% for the month. Metallurgical results improved with steady operation of the plant and with less near surface ore being treated. Copper and gold recoveries in July improved to 80.9% and 53.2 % respectively, up significantly from the June 2015 quarter average of 61.88% for copper and 31.94% for gold. For July 2015 the copper production was 7.23 million pounds and gold production was 3,625 ounces, both records for the Red Chris mine.

Mount Polley restarted operations on August 5, 2015 following receipt of permit amendments on July 5, 2015 which allowed recommencement of the mine using a modified operation plan that includes the use of the Springer pit to contain the tailings produced. The permit allows for a maximum of 4.0 million tonnes of tailings to be stored in the Springer pit over a period of one year. This is approximately 50% of the plant's annual capacity. The renewed operation will be conducted on a one week one on, one week off basis.

Work continues on rehabilitation of the areas affected by the breach of the tailings embankment. Permitting work on both a short term and long term water discharge permit is underway. Obtaining these permits is required to maintain the water balance on the site. Work is also underway to design a system to store tailings in the long term which would allow the mine to restart full scale operations.

The Huckleberry plant is operating well and copper production of 11.5 million pounds in the June 2015 quarter was up 24.9% from the comparable 2014 quarter. An optimized mine plan for the Huckleberry mine is in progress, and is expected to be completed by the end of the year.

At Sterling, the Company awaits approval of the environmental assessment for the open pit mine from the Bureau of Land Management. The heap will continue to recover gold for a few more months. An exploration program that includes soil sampling and geological mapping is being conducted in an area of favorable geology along the northern flank of Bare Mountain.

Acknowledgement

In closing, on behalf of the Board of Directors and all our employees, we wish to acknowledge the loss of our valued colleague Kelly Findlay, the Company's Vice President Finance and director of Huckleberry Mines Ltd., who passed on August 2, 2015. Kelly had been with Imperial since 2001. She will long be remembered for her significant contributions and commitment to the Company, and for her perseverance, determination and zest for life.

Brian Kynoch
President

Management's Discussion & Analysis

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation ("Imperial", the "Company", "we", "us" or "our") should be read with the unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2015 including the notes thereto ("the Interim Financial Statements"), as well as the audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2014. The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34, Interim Financial Reporting. The reporting currency of the Company is the Canadian ("CDN") Dollar.

Forward-Looking Information and Risks Notice

This MD&A is a review of the Company's operations and financial position as at and for the period ended June 30, 2015, and plans for the future based on facts and circumstances as of August 12, 2015. Except for statements of historical fact relating to the Company, including our 50% interest in Huckleberry, certain information contained herein constitutes forward-looking information which are prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this MD&A includes, without limitation, statements regarding: mine plans; costs and timing of current and proposed exploration and development; production and marketing; capital expenditures; future expenses and scope relating to timing of ongoing rehabilitation activities at the Mount Polley mine; use of proceeds from financings and credit facilities; expectations relating to the start-up and operation of the Red Chris mine and costs associated therewith; adequacy of funds for projects and liabilities; expectations relating to the receipt of necessary regulatory permits, approvals or other consents; outcome and impact of litigation; cash flow; working capital requirements; expectations relating to the requirement for additional capital; expectations relating to results of operations, production, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates and impact; future accounting changes; and future prices for marketable securities.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which Imperial operates, including, but not limited to, assumptions that: the Company will be able to advance and complete rehabilitation activities within expected timeframes; that there will be no significant delay or other material impact on the expected timeframes or costs for completion of rehabilitation of the Mount Polley mine and the recommencement of full, unrestricted operations at the mine; that the Company's initial rehabilitation activities will be successful in the long term; that all required permits, approvals and arrangements to proceed with planned rehabilitation will be obtained in a timely manner; that there will be no interruptions that will materially delay the Company's progress with its rehabilitation plans; that there will be no material delay in the ongoing ramp-up of the Red Chris mine; that equipment will operate as expected; that the Company's use of derivative instruments will enable the Company to achieve expected pricing protection; that there will be no material adverse change in the market price of commodities and exchange rates; and that the Red Chris mine will achieve expected production outcomes (including with respect to mined grades and mill recoveries); that Imperial will have access to capital as required. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. We can give no assurance that the forward-looking information will prove to be accurate.

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

Important risks that could cause Imperial's actual results, revenues, performance or achievements to differ materially from Imperial's expectations include, among other things: that additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; uncertainty regarding the outcome of sample testing and analysis being conducted on the area affected by the tailings dam breach; risks relating to the timely receipt of necessary approvals and consents to proceed with the rehabilitation plan; risks relating to the remaining costs and liabilities relating to the tailings dam breach; uncertainty as to actual timing of completion of rehabilitation activities and the recommencement of full, unrestricted commercial operations at the Mount Polley mine; risks relating to the impact of the tailings dam breach on Imperial's reputation; the quantum of claims, fines and penalties that become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risk of costs arising from any unforeseen longer-term environmental consequences of the tailings dam breach at Mount Polley mine; risks of protesting activity and other civil disobedience restricting access to the

Company's properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest, power shortages, natural phenomena such as weather conditions negatively impacting the operation of the Red Chris mine; changes in commodity and power prices; changes in market demand for our concentrate; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); and other hazards and risks disclosed within the Management's Discussion and Analysis for the year ended December 31, 2014 and other public filings which are available on Imperial's profile on SEDAR at *www.sedar.com*. For the reasons set forth above, investors should not place undue reliance on forward-looking information. Imperial does not undertake to update any forward looking information, except in accordance with applicable securities laws.

Significant Events and Liquidity

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

The August 4, 2014 tailings dam breach at the Mount Polley mine has resulted in the loss of full production from the mine, which was the primary source of cash flow for the Company for one year.

In the quarter ended June 30, 2015 the Company incurred $2.5 million for rehabilitation costs. To June 30, 2015 an aggregate of $61.0 million has been spent on rehabilitation at the Mount Polley mine following the tailings dam breach. Income and mining tax recoveries have also been recorded in connection with these costs. The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

On January 30, 2015, the independent panel investigating the Mount Polley tailings embankment failure released its report. The report concluded that the failure was sudden and without warning. It also concluded the failure was due to the fact that the independent engineer's design did not take into account the strength of the glacio-lacustrine layer approximately eight metres below the foundation of the embankment.

At June 30, 2015, the Company had cash of $17.5 million and a working capital deficiency of $73.4 million. Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced in February 2015.

On May 19, 2015 the Company announced its intention to conduct a financing of approximately $80.0 million along with a $30.0 million short term loan facility to provide interim funding to the Company while it completed the financing. The $80.0 million financing is comprised of three components: a rights offering to raise $44.0 million, backstopped by the Company's two largest shareholders, a private placement of common shares to raise $6.0 million and a private placement of convertible debentures to raise $30.0 million. The private placement of common shares closed on August 11, 2015 with the other two financings targeted to close on or about August 24, 2015. Refer to "Financings" under "Liquidity and Capital Resources" for further details. A portion of these financings will be used to repay the $30.0 million short term loan facility.

The funds from the financing, projected cash flow from Red Chris and Mount Polley mines, as well as the available credit facilities and additional sources of financing, should be sufficient to fund the remaining estimated rehabilitation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation at the Mount Polley mine.

There can be no assurance that financing will be available on terms acceptable to the Company or at all should the Company require additional financial resources.

Overview

Discussion and disclosure of the Company's 50% equity share of Huckleberry is confined to the headings *Huckleberry* and *Equity Income in Huckleberry.*

Revenues were $1.7 million in the June 2015 quarter compared to $51.1 million in the 2014 comparative quarter. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where the copper price will settle at a future date. The revenue in the current quarter represents primarily gold sales from the Sterling gold mine. The decrease in revenue in the June 2015 quarter from the 2014 comparative quarter is due to the absence of concentrate sales from the Mount Polley mine due to suspension of operations on August 4, 2014 as a result of the tailings dam breach. There were two concentrate shipments in the June 2014 comparative quarter from the Mount Polley mine.

The London Metals Exchange cash settlement copper price per pound averaged US$2.74 in the June 2015 quarter compared to US$3.08 in the June 2014 quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,193 in the June 2015 quarter compared to US$1,289 in the June 2014 quarter. The CDN Dollar weakened by 11.2% compared to the US Dollar in the June 2015 quarter over the June 2014 quarter. In CDN Dollar terms the average copper price in the June 2015 quarter was CDN$3.37 per pound compared to CDN$3.36 per pound in the June 2014 quarter and the average gold price in the June 2015 quarter was CDN$1,466 per ounce compared to CDN$1,406 per ounce in the June 2014 quarter.

Revenue in the June 2015 quarter was decreased by a $0.1 million negative revenue revaluation compared to a negative revenue revaluation of $0.7 million in the June 2014 quarter. Negative revenue revaluations are the result of the metal prices on the settlement date and/or the current period balance sheet date being lower than when the revenue was initially recorded or the metal price at the last balance sheet date.

In the June 2015 quarter the Company recorded a $3.0 million loss from mine operations compared to income of $17.5 million in the June 2014 quarter. The reduction was primarily a result of the suspension of the Mount Polley mine operations in August 2014.

The net income for the June 2015 quarter was $1.6 million ($0.02 per share) compared to net income of $15.2 million ($0.20 per share) in the 2014 comparative quarter. The variation in net income in the June 2015 quarter compared to the June 2014 quarter is attributable to the loss of production from suspension of Mount Polley mine operations, related idle mine costs, insurance recoveries, foreign exchange gains, and gains and losses on derivative instruments.

The June 2015 quarter net income included foreign exchange gains related to changes in CDN/US Dollar exchange rates of $7.1 million compared to foreign exchange gain of $13.2 million in the 2014 comparative quarter. The $7.1 million foreign exchange gain is comprised of a $6.6 million gain on the senior notes, a $0.8 million gain on long term equipment loans, and a loss of $0.3 million on other debt and operational items. The average CDN/US Dollar exchange rate in the June 2015 quarter was 1.229 compared to an average of 1.091 in the June 2014 quarter. The CDN/US Dollar exchange rate at June 30, 2015 was 1.247 compared to 1.268 at March 31, 2015.

In the June 2015 quarter the Company recorded net losses on derivative instruments of $3.1 million compared to net losses of $7.4 million in the June 2014 quarter. In the June 2015 quarter the Company recorded a loss, all unrealized, of $2.4 million on the foreign currency swap due to a decrease in the CDN/US Dollar exchange rate compared to the exchange rate at March 31, 2015. A loss of $1.5 million, primarily unrealized, for gold derivative instruments was recorded in the June 2015 quarter compared to a $2.2 million loss related to copper and gold derivative instruments in the June 2014 quarter.

The Company recorded a $0.6 million equity income as its share of Huckleberry's net income during the June 2015 quarter compared to a $1.4 million equity income in the June 2014 quarter. Huckleberry had three shipments in the June 2015 quarter compared to only one shipment in the June 2014 quarter when the bull gear failure stopped production in the first quarter of 2014.

The Company recorded pretax income of $2.3 million in the June 2015 quarter which resulted in a $0.7 million income and mining tax expense compared to a $7.6 million tax expense in the June 2014 quarter when the Company had pretax income of $22.8 million.

Cash flow was $2.3 million in the June 2015 quarter compared to cash flow of $21.5 million in the June 2014 quarter. 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, income and mining taxes, and interest paid. 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, inclusive of capitalized interest, were $48.9 million in the June 2015 quarter, down from $141.8 million in the June 2014 quarter. The expenditures in the June 2015 quarter were financed by cash flow and from a $30.0 million line of credit facility. At June 30, 2015 the Company had $17.5 million in cash (December 31, 2014-$19.9 million). The Company had $30.0 million of short term debt outstanding at June 30, 2015 (December 31, 2014-$nil).

Select Quarter Financial Information

expressed in thousands, except per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Total revenues	$1,726	$51,066	$3,259	$102,401
Net income (loss)	$1,644	$15,213	$(31,740)	$21,070
Net income (loss) per share	$0.02	$0.20	$(0.42)	$0.28
Diluted income (loss) per share	$0.02	$0.20	$ -	$0.28
Adjusted net (loss) income (1)	$(9,371)	$8,899	$(17,383)	$15,798
Adjusted net (loss) income per share (1)	$(0.12)	$0.12	$(0.23)	$0.21
Adjusted EBITDA(1)	$(7,840)	$23,567	$(13,985)	$43,251
Working capital deficiency (2)	$(73,375)	$(32,386)	$(73,375)	$(32,386)
Total assets	$1,440,033	$1,231,863	$1,440,033	$1,231,863
Total long term debt (including current portion)	$820,791	$561,829	$820,791	$561,829
Cash dividends declared per common share	$0.00	$0.00	$0.00	$0.00
Cash flow (1)	$2,270	$21,494	$(3,791)	$41,811
Cash flow per share (1)	$0.03	$0.29	$(0.05)	$0.56

(1) Refer to Non-IFRS Financial Measures for further details.
(2) Defined as current assets less current liabilities.

Non-IFRS Financial Measures

The Company reports four non-IFRS financial measures: Adjusted net income, Adjusted EBITDA, cash flow and cash cost per pound of copper produced which are described in detail below. The Company believes these measures are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.

Adjusted net income, Adjusted EBITDA and cash flow are not generally accepted earnings measures and should not be considered as an alternative to net income (loss) and cash flows as determined in accordance with IFRS. As there is no standardized method of calculating these measures, these measures may not be directly comparable to similarly titled measures used by other companies. Reconciliations are provided below.

Adjusted Net Income

Adjusted net loss in the June 2015 quarter was $9.4 million ($0.12 per share) compared to an adjusted net income of $8.9 million ($0.12 per share) in the June 2014 quarter. Adjusted net income or loss shows the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net income or loss is calculated by removing the gains or losses, net of related income taxes, resulting from mark to market revaluation of derivative instruments not related to the current period, net of taxes, and unrealized foreign exchange gains or losses on non-current debt, net of tax, as further detailed in the following table.

expressed in thousands, except per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Net income (loss) as reported	$1,644	$15,213	$(31,740)	$21,070
Unrealized loss (gain) on derivative instruments, net of tax [(a)]	3,146	5,511	(8,151)	7,056
Unrealized foreign exchange (gain) loss on non-current debt, net of tax [(b)]	(7,080)	(11,825)	29,589	(12,328)
Insurance recoveries, net of tax [(c)]	(7,081)	-	(7,081)	-
Adjusted net (loss) income	$(9,371)	$8,899	$(17,383)	$15,798
Adjusted net (loss) income per share	$(0.12)	$0.12	$(0.23)	$0.21

(a) Derivative financial instruments are recorded at fair value on the Company's Statement of Financial Position, with changes in the fair value, net of taxes, including the Company`s 50% share of derivative instruments of Huckleberry flowing through net income. The amounts ultimately realized may be materially different than reflected in the financial statements due to changes in prices of the underlying copper, gold and foreign currency hedged.

(b) Non-current debt is recorded on the Company's Statement of Financial Position at the foreign exchange rate in effect on that date, with changes in foreign exchange rates, net of taxes, flowing through net income. The amounts of non-current debt ultimately payable may be materially different than reflected in the financial statements due to foreign currency movements. Tax recoveries on unrealized capital losses are recorded only to the extent that they are expected to be realized by offset against available capital gains.

(c) Insurance recoveries related to the Mount Polley tailings dam breach, net of tax, have been excluded as these recoveries are non-recurring.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, taxes and depletion and depreciation and as adjusted for the other items described in the reconciliation table below.

Adjusted EBITDA is not necessarily comparable to similarly titled measures used by other companies. We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain non-cash or unusual items that we do not expect to continue at the same level in the future, or other items that we do not believe to be reflective of our ongoing operating performance. We further believe that our presentation of this non-IFRS financial measure provides information that is useful to investors because it is an important indicator of our operations and the performance of our core business.

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

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

expressed in thousands	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Net income (loss) [(a)]	$1,644	$15,213	$(31,740)	$21,070
Adjustments:				
Income and mining tax expense (recovery)	672	7,601	(2,546)	11,815
Interest expense	2,265	-	4,931	-
Depletion and depreciation	1,614	6,126	3,191	12,623
Accretion of future site reclamation provisions	209	166	420	323
Unrealized losses (gains) on derivative instruments	3,833	7,413	(9,250)	9,514
Share based compensation	107	225	213	447
Foreign exchange (gains) losses	(7,056)	(13,167)	32,082	(12,629)
Revaluation (gains) losses on marketable securities	(45)	66	4	153
Gains on sale of mineral properties	(83)	(76)	(290)	(65)
Insurance recoveries	(11,000)	-	(11,000)	-
Adjusted EBITDA[(a)]	$(7,840)	$23,567	$(13,985)	$43,251

(a) Net income and Adjusted EBITDA includes our 50% portion of the net income from Huckleberry in accordance with IFRS11. However, we are not able to control the timing and amount, if any, of cash distributions that Huckleberry may make to Imperial.

Cash Flow and Cash Flow 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. Cash flow is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid and cash flow per share is the same measure divided by the weighted average number of common shares outstanding during the year.

The calculation of cash flow and cash flow per share is as follows:

expressed in thousands, except share and per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Income (loss) before taxes	$2,316	$22,814	$(34,286)	$32,885
Items not affecting cash flows				
Equity income in Huckleberry	(626)	(1,390)	(33)	(82)
Depletion and depreciation	1,614	6,126	3,191	12,623
Share based compensation	107	225	213	447
Accretion of future site reclamation provisions	209	166	420	323
Unrealized foreign exchange (gains) losses	(7,540)	(13,848)	31,088	(13,986)
Unrealized losses (gains) on derivative instruments	3,833	7,413	(9,250)	9,514
Interest expense	2,265	-	4,931	-
Other	92	(12)	(65)	87
Cash flow	$2,270	$21,494	$(3,791)	$41,811
Basic weighted average number of common shares outstanding	74,969,955	74,945,642	74,969,365	74,891,397
Cash flow per share	$0.03	$0.29	$(0.05)	$0.56

Cash Cost Per Pound of Copper Produced

The cash cost per pound of copper produced is a non-IFRS financial measure that does not have a standardized meaning under IFRS, and as a result may not be comparable to similar measures presented by other companies. Management uses this non-IFRS financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its two copper producing mines, Mount Polley and Huckleberry, and on a composite basis for these two mines. The Red Chris mine will be included in the calculation once it reaches commercial production.

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

Cash costs of production include direct labour, operating materials and supplies, equipment and mill costs, and applicable overhead. Offsite costs include transportation, warehousing, marketing, and related insurance. Treatment and refining costs are costs for smelting and refining concentrate.

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

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

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

Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: ore grade, metal recoveries, the portion of stripping costs allocated to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US$ to CDN$ exchange rate and the amount of copper produced. Idle mine costs during the periods when the Mount Polley and Huckleberry mines were not in operation have been excluded from the cash cost per pound of copper produced.

The following tables reconcile cost of sales as shown on the consolidated statement of comprehensive income to the cash cost per pound of copper produced in US Dollars:

Cash Cost Per Pound of Copper Produced

expressed in thousands, except cash cost per pound of copper produced	Three Months Ended June 30, 2015					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	**B**			**C=A+B**
Cost of Sales	$46,413	$23,207	$ -	$4,708	$4,707	$23,207
Less:						
Depletion and depreciation	(7,834)	(3,917)	-	(70)	(70)	(3,917)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(149)	(75)	-	-	-	(75)
Cash costs before adjustment to production basis	38,430	19,215	-	$4,637	$4,637	19,215
Adjust for inventory change	(7,994)	(3,996)	-			(3,996)
Adjust transportation and offsite costs	(1,342)	(671)	-			(671)
Treatment and refining costs	4,452	2,226	-			2,226
By-product and other revenues	(2,424)	(1,213)	-			(1,213)
Cash cost of copper produced in Cdn$	31,122	15,561	-			15,561
US$ to Cdn$ exchange rate	*1.2294*	*1.2294*	*1.2294*			*1.2294*
Cash cost of copper produced in US$	$25,315	$12,645	-			$12,645
Copper produced - lbs	*11,493*	*5,746*	-			*11,493*
Cash cost per lb of copper produced in US$	$2.20	$2.20	$ -			$2.20

expressed in thousands, except cash cost per pound of copper produced	Three Months Ended June 30, 2014					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	**B**			**C=A+B**
Cost of Sales	$15,377	$7,688	$31,094	$2,521	$33,615	$38,786
Less:						
Depletion and depreciation	(3,567)	(1,783)	(4,787)	(1,188)	(5,975)	(38,782)
Share based compensation	-	-	(17)	-	(17)	(17)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(24)	(12)	-	-	-	(12)
Cash costs before adjustment to production basis	11,786	5,893	26,290	$1,333	$27,623	32,183
Adjust for inventory change	6,553	3,277	1,001			4,278
Adjust transportation and offsite costs	941	470	(342)			128
Treatment and refining costs	3,538	1,769	2,949			4,718
By-product and other revenues	(2,152)	(1,076)	(16,785)			(17,861)
Cash cost of copper produced in CDN$	20,666	10,333	13,113			23,446
US$ to CDN$ exchange rate	*1.0905*	*1.0905*	*1.0905*			*1.0905*
Cash cost of copper produced in US$	$18,951	$9,475	$12,024			$21,500
Copper produced - lbs	*9,198*	*4,598*	*11,980*			*16,579*
Cash cost per lb copper produced in US$	$2.06	$2.06	$1.00			$1.30

Cash Cost Per Pound of Copper Produced

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

	Six Months Ended June 30, 2015					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	**B**			**C=A+B**
Cost of Sales	$62,890	$31,445	$ -	$7,953	$4,707	$31,445
Less:						
Depletion and depreciation	(10,670)	(5,335)	-	(243)	(243)	(5,335)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(298)	(149)	-	-	-	(149)
Cash costs before adjustment to production basis	51,922	25,961	-	$7,710	$7,710	25,961
Adjust for inventory change	445	223	-			223
Adjust transportation and offsite costs	(73)	(37)	-			(37)
Treatment and refining costs	8,520	4,260	-			4,260
By-product and other revenues	(4,779)	(2,390)	-			(2,390)
Cash cost of copper produced in Cdn$	56,035	28,017	-			28,017
US$ to Cdn$ exchange rate	*1.2353*	*1.2353*	*1.2353*			*1.2353*
Cash cost of copper produced in US$	45,361	22,680	-			22,680
Copper produced - lbs	*22,120*	*11,060*	-			*11,060*
Cash cost per lb of copper produced in US$	$2.05	$2.05	$ -			$2.05

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

	Six Months Ended June 30, 2014					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	**B**			**C=A+B**
Cost of Sales	$44,428	$22,214	$63,826	$5,232	$69,058	$86,040
Less:						
Depletion and depreciation	(8,980)	(4,490)	(9,781)	(2,513)	(12,294)	(14,271)
Share based compensation	-	-	(34)	-	(34)	(34)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(298)	(149)	-	-	-	(149)
Cash costs before adjustment to production basis	35,150	17,575	54,011	$2,719	$56,730	71,586
Adjust for inventory change	(380)	(190)	(2,138)			(2,328)
Adjust transportation and offsite costs	(85)	(43)	(614)			(657)
Treatment and refining costs	5,712	2,856	5,073			7,929
By-product and other revenues	(3,486)	(1,743)	(30,397)			(32,140)
Cash cost of copper produced in CDN$	36,911	18,455	25,935			44,390
US$ to CDN$ exchange rate	*1.0970*	*1.0970*	*1.0970*			*1.0970*
Cash cost of copper produced in US$	$33,647	$16,823	$23,641			$40,465
Copper produced - lbs	*14,701*	*7,351*	*20,196*			*27,547*
Cash cost per lb copper produced in US$	$2.29	$2.29	$1.17			$1.47

Derivative Instruments

In the three month period ending June 30, 2015 the Company recorded net losses of $3.1 million on derivative instruments, comprised of a $2.4 million net loss related to the CDN/US currency swap and a $0.7 million net loss on gold derivatives. This compares to a net loss of $7.4 million in the June 2014 quarter, comprised of a $5.3 million loss related to the CDN/US currency swap and a $2.1 million net loss on copper and gold derivatives. These gains and losses result from the mark to market valuation of the derivative instruments based on changes in the price of copper and gold and movements in the CDN/US exchange rate. These amounts include realized gains on gold contracts of $0.7 million in the June 2015 quarter, compared to realized gains of under $0.1 million on copper and gold contracts in the June 2014 quarter. The Company has not applied hedge accounting for its derivative instruments and therefore records changes in the unrealized gains or losses on these contracts at fair value on each statement of financial position date, with the adjustment resulting from the revaluation being charged to the statement of income as a gain or loss.

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

The Company has no derivative instruments for copper at June 30, 2015. At June 30, 2015 the Company has hedged 48,600 ounces of gold for the balance of 2015 via min/max zero cost collars.

In the March 2014 quarter the Company entered into a cross currency swap to lock in the foreign exchange rate on US$110.0 million of the US$325.0 million senior unsecured notes (the "Notes") principal amount and related interest over the five year term of the Notes. The foreign exchange rate was fixed at 1.1113 CDN for each US Dollar. Based on the June 30, 2015 CDN/US Dollar exchange rate the Company had an unrealized gain of $13.9 million on the derivative instruments related to the swap.

Future changes in the CDN/US Dollar exchange rate could have a material impact on the valuation of the cross currency swap however this gain or loss will be more than offset by the foreign exchange gain or loss on the Notes.

DEVELOPMENTS DURING THE JUNE 2015 QUARTER

General

The London Metals Exchange cash settlement copper price per pound averaged US$2.74 in the June 2015 quarter compared to US$3.08 in the June 2014 quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,193 in the June 2015 quarter compared to US$1,289 in the June 2014 quarter. The CDN Dollar weakened by 11.2% compared to the US Dollar in the June 2015 quarter over the June 2014 quarter. In CDN Dollar terms the average copper price in the June 2015 quarter was CDN$3.37 per pound compared to CDN$3.47 per pound in the June 2014 quarter and the average gold price in the June 2015 quarter was CDN$1,466 per ounce compared to CDN$1,445 per ounce in the June 2014 quarter.

Red Chris Mine

An Impact, Benefit and Co-Management Agreement with the Tahltan Nation was signed on July 27, 2015. The agreement had earlier been approved by a referendum with 87% of respondents voting in favour.

The Company looks forward to working together with the Tahltan Nation to make the Red Chris mine an important driver of employment and the economy in northwestern British Columbia. At the end of June 2015, First Nation employees represented over 28% of the Red Chris workforce. Operations at Red Chris will focus on completion of construction work at the tailings facility, and on maximizing the throughput and metallurgical performance of the processing plant.

At the Red Chris mine, the water supply issues were resolved in early July and the plant was able to run on a steadier basis. Operating time averaged 88% for the month. Metallurgical results improved with steady operation of the plant and with less near surface ore being treated. Copper and gold recoveries in July improved to 80.9% and 53.2 % respectively, up significantly from the June 2015 quarter average of 61.88% for copper and 31.94% for gold. For July 2015 the copper production was 7.23 million pounds and gold production was 3,625 ounces, both records for the Red Chris mine.

Capital and development and expenditures at Red Chris were $31.3 million in the June 2015 quarter compared to $115.8 million in the June 2014 quarter. Expenditures in the June 2015 quarter include capital of $13.2 million, primarily for ongoing tailings dam construction, preproduction operating costs of $57.6 million, capitalized interest of $13.0 million, net of preproduction revenues of $52.5 million. The 2014 costs were all related to development and construction of the Red Chris mine and related infrastructure including capitalized interest of $9.0 million. There were under $0.1 million in exploration expenditures in the June 2015 quarter compared to $0.3 million in the June 2014 quarter.

Mount Polley Mine

Capital and development expenditures at Mount Polley were $17.3 million in the June 2015 quarter compared to $24.2 million in the June 2014 quarter. Expenditures in the June 2015 quarter were primarily for tailings dam construction and buttressing. There were also $0.1 million in exploration expenditures in the June 2015 quarter compared to $1.3 million in the June 2014 quarter.

The rehabilitation of the areas affected by the August 4, 2014 breach of the tailings embankment are continuing. Imperial remains committed to working with the Ministry of Environment, First Nations and the local community to mitigate the effects of the breach.

Huckleberry Mine

Capital and development expenditures at Huckleberry were $8.4 million in the June 2015 quarter compared to $7.2 million in the June 2014 quarter. Huckleberry revenues in the June 2015 quarter were $47.9 million compared to $19.8 million in the 2014 comparative quarter. Huckleberry had three shipments of concentrate in the June 2015 quarter compared to one shipment in the June 2014 quarter.

Throughput for the 2015 second quarter was 1.7 million tonnes, 24.7% more than achieved in the 2014 comparative quarter. This additional throughput along with slightly higher copper grade, resulted in copper production of 11.5 million pounds in the second quarter 2015, up 24.9% from the comparable 2014 quarter.

Sterling Mine

Exploration and development expenditures at Sterling were under $0.1 million in the June 2015 quarter compared to a net recovery of under $0.1 million in the 2014 comparative quarter.

Underground mining operations were terminated at the end of May 2015. The Company awaits approval of the environmental assessment for the open pit mine from the Bureau of Land Management. The heap will continue to recover gold for a few more months. A total of 492 ounces gold were shipped from site during the June 2015 quarter.

An exploration program that includes soil sampling and geological mapping is being conducted in an area of favorable geology along the northern flank of Bare Mountain. Some of the staff, and much of Sterling’s underground mining equipment has been transferred to Mount Polley to assist in the underground mining of the Boundary zone.

Ruddock Creek

Exploration and development expenditures at Ruddock Creek were $0.1 million in the June 2015 quarter compared to $0.2 million in the 2014 comparative quarter.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2015 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2014

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 June 30, 2015 and the audited consolidated financial statements of the Company for the year ended December 31, 2014.

FINANCIAL RESULTS

Overview

Revenues were $1.7 million in the June 2015 quarter compared to $51.1 million in the 2014 comparative quarter. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where copper price will settle at a future date. There were no shipments in the June 2015 quarter compared to two in the June 2014 quarter from Mount Polley due to suspension of operations at the mine in August 2014 following to the tailings dam breach.

In the June 2015 quarter the Company recorded a $3.0 million loss from mine operations compared to income of $17.5 million in the 2014 comparative quarter.

Net income for the quarter ended June 30, 2015 was $1.6 million ($0.02 per share) compared to net income of $15.2 million ($0.20 per share) in the 2014 comparative quarter. In addition to variances in revenues and income from mine operations described above, variations in net income period over period are normally predominately attributable to the movement in realized and unrealized gains and losses on derivative instruments and foreign exchange.

Revenue

expressed in thousands of dollars, except quantity amounts	Three Months Ended June 30	
	2015	2014
Copper 000's pounds sold	-	*11,022*
Gold ounces sold	*1,100*	*11,085*
Revenue before revaluation	$1,825	$51,790
Revenue revaluation	(99)	(724)
	$1,726	$51,066

Revenue in the current quarter is primarily from gold sales from the Sterling gold mine. The large decrease in revenue in the June 2015 quarter compared to June 2014 quarter is due to the suspension of operations at the Mount Polley mine as a result of the tailings dam breach on August 4, 2014. There were two concentrate shipments in the June 2014 comparative quarter from the Mount Polley mine.

In accordance with the Company's accounting policy, revenue and expenses for the Red Chris mine in the preproduction period will be capitalized to mineral property until commercial production is reached. The Red Chris mine had not reached commercial production at June 30, 2015.

In US Dollars, copper prices were about 11% lower in the June 2015 quarter than in the 2014 comparative quarter, averaging about US$2.74 per pound compared to US$3.08 per pound. The US Dollar strengthened against the CDN Dollar during the 2015 quarter. Factoring in the average exchange rate, the price of copper averaged CDN$3.37 per pound in the June 2015 quarter marginally higher than the June 2014 quarter average of CDN$3.36 per pound.

The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,193 in the June 2015 quarter compared to US$1,289 in the 2014 comparative quarter. Factoring in the average exchange rate, the price of gold averaged CDN$1,466 per ounce in the June 2015 quarter about 4% higher than the 2014 comparative quarter average of CDN$1,406 per ounce.

Cost of Sales

expressed in thousands of dollars

	Three Months Ended June 30	
	2015	2014
Operating expenses	$2,442	$19,452
Salaries, wages and benefits	2,195	8,171
Depletion and depreciation	70	5,975
Share based compensation	-	17
	$4,707	$33,615

General and Administration Costs

expressed in thousands of dollars

	Three Months Ended June 30	
	2015	2014
Administration	$1,220	$1,339
Share based compensation	148	208
Depreciation	179	151
Foreign exchange loss	187	425
	$1,734	$2,123

General and administration costs decreased in the June 2015 quarter compared to the 2014 comparative quarter due primarily to lower foreign exchange losses.

The average CDN/US Dollar exchange rate for the June 2015 quarter was 1.229 compared to 1.091 in the 2014 comparative quarter. Gains and 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 activities at the Red Chris and Mount Polley mines.

Finance Costs

expressed in thousands of dollars

	Three Months Ended June 30	
	2015	2014
Losses on derivative instruments	$(3,139)	$(7,414)
Foreign exchange gain on short term and non-current debt	7,243	13,592
Interest expense	(2,265)	-
Other	(137)	(217)
	$1,702	$5,961

The inclusion of gains and losses on derivative instruments results in large variances in finance costs. The Company has not applied hedge accounting for its derivative instruments and therefore records changes in the unrealized gains or losses on these contracts at fair value on each statement of financial position date. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous quarters, due to changes in copper and gold price and foreign exchange rate, resulted in a loss of $3.1 million during the three months ending June 2015 compared to a loss of $7.4 million in the comparative June 2014 quarter. The ultimate gain or loss on these contracts will be determined by the copper and gold prices and foreign exchange rate in the periods when these contracts settle.

Interest expense of $13.0 million was capitalized to construction in progress during the June 2015 quarter as a result of the construction and commissioning at the Red Chris mine. In the 2014 comparative quarter $9.0 million was capitalized.

At June 30, 2015, the Company had US Dollar denominated debt of US$350.3 million compared to US$354.6 in the June 2014 quarter.

Foreign exchange movements during the 2015 quarter, including the foreign exchange rate at quarter end, resulted in a foreign exchange gain of $7.1 million in the June 2015 quarter compared to a $13.2 million gain in the 2014 comparative quarter. The June 2015 foreign exchange gain is comprised primarily of a $6.6 million gain on the senior notes and a $0.8 million gain on long term equipment loans.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was a $0.6 million income in the June 2015 quarter compared to a $1.4 million income on the 2014 comparative quarter.

stated 100% - Imperial's equity share is 50% *expressed in thousands of dollars, except quantity amounts*	Three Months Ended June 30 2015	2014
Copper 000's pounds sold	*16,591*	*5,668*
Revenue before revaluations	$51,424	$21,732
Revenue revaluation	(3,530)	(1,925)
	47,894	19,807
Cost of sales	(46,413)	(15,377)
Income from mine operations	1,481	4,430
Other	417	(918)
Idle mine costs	-	189
Income loss before taxes	1,898	3,701
Income and mining taxes	(647)	(919)
Net Income	$1,251	$2,782

Income and Mining Tax Expense (Recovery)

expressed in thousands of dollars	Three Months Ended June 30 2015	2014
Current Taxes		
Income tax recovery	$(3,688)	$(52)
BC Mineral tax expense	-	357
	(3,688)	305
Deferred Taxes		
Income tax expense	3,878	4,676
BC Mineral tax expense	482	2,620
	4,360	7,296
	$672	$7,601

The effective tax rate for the June 2015 quarter was 39.8% compared to 35.5% in the June 2014 quarter. Foreign exchange gains on debt are taxed at 50% of the normal income tax rate however in the June 2015 quarter foreign exchange gains debt were offset by losses on derivatives and operating losses related to Sterling, on which no tax recovery was recorded.

LIQUIDITY & CAPITAL RESOURCES

Cash Flow

The Company recorded net income of $1.6 million in the 2015 quarter compared to net income of $15.2 million in 2014. Cash flow was $2.3 million in 2015 compared to cash flow of $21.5 million in 2014.

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, income and mining taxes, and interest paid.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totaled $48.9 million in the June 2015 quarter compared to $141.8 million in the June 2014 quarter. Acquisition and development expenditures in 2015 were financed from non-current debt and a $30.0 million line of credit facility.

expressed in thousands of dollars	Three Months Ended June 30	
	2015	2014
Capital and Development Expenditures		
Mount Polley	$17,296	$24,187
Red Chris (including capitalized interest of $13,004 (2014-$8,950)) and net of preproduction revenues of $52,457 (2014-nil)	31,313	115,838
Sterling	2	5
Other	5	(42)
	48,616	139,988
Exploration Expenditures		
Mount Polley	65	1,316
Red Chris	2	257
Sterling, net of preproduction revenues in 2014	68	9
Other	198	251
	333	1,833
	$48,949	$141,821

The reduction in expenditures was primarily due to the Red Chris mine being in the commissioning and preproduction stage in the June 2015 quarter compared to the construction stage in the June 2014 quarter. Expenditures at Red Chris in the June 2015 quarter were comprised of $13.2 million for capital items, $13.0 million of capitalized interest, $57.6 million for preproduction operations expenses, and a recovery of $52.5 million for preproduction revenue. Mount Polley expenditures were primarily related to the tailings dam, including buttressing.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2015 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2014

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the six months ended June 30, 2015 and the audited consolidated financial statements of the Company for the year ended December 31, 2014.

FINANCIAL RESULTS

Overview

Revenues were $3.3 million in the June 2015 period compared to $102.4 million in the 2014 comparative period. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where the copper price will settle at a future date.

In the June 2015 period the Company recorded a $4.7 million loss from mine operations compared to income of $33.3 million in the 2014 comparative period. There were no shipments in the 2015 period from the Mount Polley due to suspension of operations at the mine related to the August 2014 tailings dam breach.

Net loss for the period ended June 30, 2015 was $31.7 million ($0.42 per share) compared to net income of $21.1 million ($0.28 per share) in the 2014 comparative period. In addition to variances in revenues and income from mine operations described above, variations in net income period over period are normally predominately attributable to the movement in realized and unrealized gains and losses on derivative instruments and foreign exchange.

Revenue

expressed in thousands of dollars, except quantity amounts	Six Months Ended June 30	
	2015	2014
Copper 000's pounds sold	-	*21,757*
Gold ounces sold	*2,054*	*25,399*
Revenue before revaluation	$3,451	$104,266
Revenue revaluation	(192)	(1,865)
	$3,259	$102,401

Revenue in the current period is primarily from gold sales from the Sterling gold mine. The large decrease in revenue in the June 2015 period compared to June 2014 period is due to the suspension of operations at the Mount Polley mine as a result of the tailings dam breach on August 4, 2014. There were four concentrate shipments in the June 2014 comparative period from the Mount Polley mine.

In accordance with the Company's accounting policy, revenue and expenses for the Red Chris mine in the preproduction period will be capitalized to mineral property until commercial production is reached. The Red Chris mine had not reached commercial production at June 30, 2015.

In US Dollars, copper prices were about 14.3% lower in the June 2015 period than in the 2014 comparative period, averaging about US$2.69 per pound compared to US$3.14 per pound. The US Dollar strengthened against the CDN Dollar during the 2015 period. Factoring in the average exchange rate, the price of copper averaged CDN$3.32 per pound in the June 2015 period about 4% lower than the June 2014 period average of CDN$3.44 per pound.

The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,206 in the June 2015 period compared to US$1,291 in the 2014 comparative period. Factoring in the average exchange rate, the price of gold averaged CDN$1,489 per ounce in the June 2015 period about 5% higher than the 2014 comparative period average of CDN$1,416 per ounce.

Cost of Sales

expressed in thousands of dollars

	Six Months Ended June 30	
	2015	2014
Operating expenses	$4,086	$38,588
Salaries, wages and benefits	3,624	18,142
Depletion and depreciation	243	12,294
Share based compensation	-	34
	$7,953	$69,058

General and Administration Costs

expressed in thousands of dollars

	Six Months Ended June 30	
	2015	2014
Administration	$2,471	$2,594
Share based compensation	197	413
Depreciation	358	329
Foreign exchange loss	994	1,270
	$4,020	$4,606

General and administration costs decreased slightly in the June 2015 period compared to the 2014 comparative period as share based compensation expense declined from 2014 as there were no new option grants.

The average CDN/US Dollar exchange rate for the June 2015 period was 1.235 compared to 1.097 in the 2014 comparative period. Gains and 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 activities at the Red Chris and Mount Polley mines.

Finance Costs

expressed in thousands of dollars

	Six Months Ended June 30	
	2015	2014
Gains (losses) on derivative instruments	$10,556	$(9,501)
Foreign exchange (loss) gain on short term and non-current debt	(31,088)	13,889
Interest expense	(4,931)	-
Other	(361)	(456)
	$(25,824)	$3,942

The inclusion of gains and losses on derivative instruments results in large variances in finance costs. The Company has not applied hedge accounting for its derivative instruments and therefore records changes in the unrealized gains or losses on these contracts at fair value on each statement of financial position date. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous periods, due to changes in copper and gold price and foreign exchange rate, resulted in a gain of $10.6 million during the six months ending June 2015 compared to a loss of $9.5 million in the comparative June 2014 period. The ultimate gain or loss on these contracts will be determined by the copper and gold prices and foreign exchange rate in the periods when these contracts settle.

Interest expense of $24.4 million was capitalized to construction in progress during the June 2015 period as a result of the construction and commissioning at the Red Chris mine. In the 2014 comparative period $15.4 million was capitalized.

At June 30, 2015, the Company had US Dollar denominated debt of US$350.3 million compared to US$354.6 in the June 2014 quarter.

Foreign exchange movements during the 2015 period, including the foreign exchange rate at period end, resulted in total foreign exchange losses of $32.1 million in the June 2015 period compared to a $12.6 million gain in the 2014 comparative period. The June 2015 foreign exchange loss is comprised primarily of a $27.8 million loss on the senior notes and a $3.1 million loss on long term equipment loans.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was income of under $0.1 million in the June 2015 period compared to income of $0.1 million in the 2014 comparative period.

stated 100% - Imperial's equity share is 50% *expressed in thousands of dollars, except quantity amounts*	Six Months Ended June 30 2015	 2014
Copper 000's pounds sold	*22,353*	*15,309*
Revenue before revaluations	$68,724	$50,117
Revenue revaluation	(6,082)	(2,716)
	62,642	47,401
Cost of sales	(62,890)	(44,428)
(Loss) income from mine operations	(248)	2,973
Other	846	(313)
Idle mine costs	-	(3,327)
Income (loss) before taxes	598	(667)
Income and mining tax (expense) recovery	(532)	832
Net Income	$66	$165

Income and Mining Tax (Recovery) Expense

expressed in thousands of dollars	Six Months Ended June 30 2015	 2014
Current Taxes		
Income tax recovery	$(3,663)	$(23)
BC Mineral tax expense	-	694
	(3,663)	671
Deferred Taxes		
Income tax expense	1,519	7,843
BC Mineral tax (recovery) expense	(402)	3,301
	1,117	11,144
	$(2,546)	$11,815

The effective tax rate for the June 2015 period was 7.4% compared to 36.0% in the June 2014 period. For the June 2015 period foreign exchange losses on debt represented a significant portion of loss before taxes. These losses are taxed at 50% of the normal income tax rate. The lower than expected tax recovery in the June 2015 period was primarily the result of not recording a tax recovery on unrealized foreign exchange losses due to the uncertainly of realizing gains on foreign exchange in the future.

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 2014.

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, warrant reserve, equity, component of convertible debenture and retained earnings.

At June 30, 2015 the Company is in compliance with the debt covenants related to its short term debt, credit facilities with counterparties, and non-current debt. Refer to discussion on Liquidity and Capital Resources.

LIQUIDITY & CAPITAL RESOURCES

At June 30, 2015, the Company had cash of $17.5 million and a working capital deficiency of $73.4 million.

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

The tailings dam breach at the Mount Polley mine has resulted in the loss of production from the mine until the limited restart on August 5, 2015. In addition, the Company continues to incur costs for rehabilitation. While the precise future cost of rehabilitation are presently unknown, the Company believes the costs can be managed over time, given the underlying value of the Company's assets, the current sources of liquidity and the expected cash flow from the Red Chris mine.

Financings

On May 19, 2015 the Company announced its intention to conduct a financing of approximately $80.0 million along with a $30.0 million short term loan facility to provide interim funding to the Company while it completed the financing. The $80.0 million financing is comprised of three components: a rights offering to raise $44.0 million, backstopped by the Company's two largest shareholders, a private placement of common shares to raise $6.0 million and a private placement of convertible debentures to raise $30.0 million. The private placement of common shares closed on August 11, 2015 with the other two financings targeted to close on or about August 24, 2015. A portion of these financings will be used to repay the $30.0 million short term loan facility.

The funds from the financing, projected cash flow from the Red Chris and Mount Polley mines, as well as the available credit facilities and additional sources of financing, should be sufficient to fund the remaining estimated rehabilitation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation at the Mount Polley mine.

There can be no assurance that financing will be available on terms acceptable to the Company or at all should the Company require additional financial resources.

Private Placement of Common Shares

Under the Common Share Private Placement, on August 11, 2015 the Company issued on a non-brokered private placement basis, an aggregate of 714,286 common shares of the Company at a price of $8.40 per common share to raise $6.0 million in gross proceeds. The subscription price of common shares under the Common Share Private Placement is approximately 88.79% of the volume weighted average trading price on the common shares on the TSX for the 5 day period ending on July 16, 2015. N. Murray Edwards, a significant shareholder of the Company, and The Fairholme Partnership, LP ("Fairholme") have purchased $3.5 million and $2.5 million of the Common Share Private Placement, respectively.

Rights Offering

Pursuant to the Rights Offering, which is expected to raise $44.0 million in gross proceeds, each holder of outstanding common shares of the Company will receive one transferable Right for each common share held. Every 13.73 Rights will entitle a holder to purchase one additional common share at a price of $8.00 (the "Subscription Price"). The Subscription Price is approximately 84.57% of the volume weighted average trading price on the common shares on the TSX for the 5 day period ending on July 16, 2015. A maximum of 5,500,797 common shares will be issued pursuant to the Rights Offering. The Rights commenced trading on the TSX on July 23, 2015 and will expire at 2:00 p.m. (Vancouver time) on August 20, 2015.

Overallotment subscription privileges have been extended to all shareholders that fully exercise their Rights, allowing them to purchase *pro rata*, if available, additional common shares that were not otherwise subscribed for in the Rights Offering.

N. Murray Edwards has advised that he intends to exercise all of his Rights and cause all of his affiliates, including Edco Capital Corporation ("Edco"), to do so and Fairholme Capital Management, LLC has advised that it intends to exercise not less than 13,667,809 of the Rights to be received by certain funds or accounts over which it exercises discretionary management authority.

Private Placement of Convertible Debentures

Under the Convertible Debenture Private Placement, the Company intends to issue, on a non-brokered private placement basis, convertible debentures in the aggregate principal amount of $30.0 million. Subject to adjustment in the context of the market with requisite regulatory approvals, each $12.00 of the principal amount is convertible into one common share of the Company upon at least 61 days advance notice. The convertible debentures are not callable unless the closing price of Company's common shares exceeds 125% of the conversion price for at least 30 consecutive days. Interest at 6% per annum will be payable semi-annually, with the first payment due on June 30, 2016. The conversion premium on common share price under the Convertible Debenture Private Placement is approximately 26.85% of the volume weighted average trading price on the common shares on the TSX for the 5 day period ending on July 16, 2015. Up to 2,500,000 common shares are expected to be issued if all the convertible debentures issued pursuant to the Convertible Debenture Private Placement were converted into common shares of the Company. N. Murray Edwards and Fairholme have advised that they intend to purchase $15.0 million and $7.5 million of the convertible debentures, respectively.

Backstops

N. Murray Edwards and Fairholme (together, the “Guarantors”) have committed to purchase 66.67% and 33.33%, respectively, of all the common shares which remain unsubscribed for by the holders of the Rights. The Guarantors have purchased 66.67% and 33.33%, respectively, of the private placement of common shares. In addition, the Guarantors intend to purchase 66.67% and 33.33%, respectively, of all the convertible debentures which remain unpurchased under the Convertible Debenture Private Placement.

In exchange for backstopping the Financings, the Company will pay the Guarantors a fee (the “Fee”) of 3% of the gross proceeds of the Financings, excluding proceeds from (i) the exercise of Rights issued in respect of common shares owned or over which the Guarantors or their affiliates have control and (ii) the sale of common shares and convertible debentures the Guarantors or their affiliates have committed to purchase pursuant to the Common Share Private Placement and the Convertible Debenture Private Placement.

Credit Risk

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

The Company sells to a limited number of 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 is considered to be minimal because of their strong capital base, diversity and multinational operations. In addition, to reduce risk related to derivative instruments the Company utilizes multiple counterparties.

The Company’s credit risk has not changed significantly since December 31, 2014.

Other

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 Master Asset Vehicle Notes.

The Company’s overall liquidity risk continues to be higher than normal due to expenditures related to the development and commissioning of the Red Chris mine, the restart of the Mount Polley mine, and as a result of the Mount Polley tailings dam breach. The tailings dam breach removed the Company’s primary source of cash flow in 2014 and added the rehabilitation costs to the current obligations of the Company, although the majority of the expected costs were incurred to June 30, 2015. Liquidity risk is expected to improve with ongoing production at the Red Chris and Mount Polley mines. Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

The Company had the following contractual obligations with respect to financial instruments as of June 30, 2015:

expressed in thousands of dollars	Within 1 Year	2 to 3 Years	4 to 5 Years	Over 5 Years	Total
Trade and other payables	$82,446	$ -	$ -	$ -	$82,446
Non-current debt*	14,143	316,968	409,227	115,000	855,338
	$96,589	$316,968	$409,227	$115,000	$937,784

*amounts shown are gross obligations at maturity date

Currency Risk

Financial instruments that impact the Company's net income and comprehensive income due to currency fluctuations include US dollar denominated cash, accounts receivable, derivative instrument assets and margin deposits, reclamation deposits, trade and other payables, derivative instrument liabilities, and debt. If the US Dollar had been 10% higher/lower and all other variables were held constant, net income and comprehensive income for the six months ended June 30, 2015 would have been lower/higher by $37.3 million.

Cash Flow

The Company recorded net loss of $31.7 million in the June 2015 period compared to net income of $21.1 million in the June 2014 period. Cash flow was negative $3.8 million in the June 2015 period compared to cash flow of $41.8 million in the June 2014 period.

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, income and mining taxes, and interest paid.

Working Capital

At June 30, 2015, the Company had a working capital deficiency, defined as current assets less current liabilities of $73.4 million, $17.9 million higher than the working capital deficiency of $55.5 million at December 31, 2014.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totaled $93.6 million in the June 2015 period compared to $238.5 million in the June 2014 period. Acquisition and development expenditures in 2015 were financed from non-current debt and a $30.0 million line of credit facility.

expressed in thousands of dollars	Six Months Ended June 30 2015	2014
Capital and Development Expenditures		
Mount Polley	$25,531	$38,368
Red Chris (including capitalized interest of $24,441 (2014-$15,413)) and net of preproduction revenues of $52,457 (2014-nil)	67,534	196,030
Sterling	29	70
Other	5	5
	93,099	234,473
Exploration Expenditures		
Mount Polley	65	3,540
Red Chris	5	274
Sterling, net of preproduction revenues in 2014	68	(21)
Other	383	401
	521	4,194
	$93,620	$238,667

The reduction in expenditures was primarily due to the Red Chris mine being in the commissioning and preproduction stage in the June 2015 period compared to the construction stage in the June 2014 period. Expenditures at Red Chris in the June 2015 period were comprised of $16.0 million for capital items, $24.4 million of capitalized interest, $79.6 million for preproduction operating expenses, and a recovery of $52.5 million for preproduction revenue. Mount Polley expenditures were primarily related to the tailings dam, including buttressing.

DEBT AND OTHER OBLIGATIONS

Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding borrowings. At June 30, 2015 the majority of the Company's outstanding borrowings were at fixed interest rates compared to June 30, 2014 when the majority of the Company's outstanding borrowings were 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.

The Company had the following contractual obligations as of June 30, 2015:

expressed in thousands of dollars	2015	2016	2017	2018	2019	2020 and beyond	Total
Non-current debt (1)	$6,982	$183,685	$59,837	$8,188	$481,646	$115,000	$855,338
Short term debt	30,000	-	-	-	-	-	30,000
Operating leases	342	417	217	-	-	-	976
Capital expenditures and other (2)	9,688	28	28	28	28	28	9,828
Reclamation bonding	3,065	9,065	5,500	4,000	-	3,800	25,430
Mineral properties (3)	231	478	671	970	1,035	-	3,385
	$50,308	$193,673	$66,253	$13,186	$482,709	$118,828	$924,957

(1) Amounts shown are gross obligations at maturity date.
(2) Total is to year 2020 only.
(3) Mineral property commitments are the estimated payments required to keep the Company's claims or option agreements in good standing. Total is to year 2019 only.

Based on current plans and assumptions as at June 2015, including receipt of $80.0 million from the financings, the Company expects to have sufficient cash resources to support its normal operating and capital requirements on an ongoing basis.

At June 30, 2015 the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Other Price Risks

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

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 balance sheet date. The quoted market price used for financial assets held by the Company is the current bid 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 and other receivables and trade and other payables, are assumed to approximate their fair values. Management believes that the carrying value of non-current debt approximates fair value. Interest rates and credit spreads have not changed significantly since the non-current debt was issued and therefore the carrying value is not materially different from fair value.

IFRS 7 - *Financial Statements–Disclosures* was amended to require disclosures about the inputs to fair value measurement, including their classifications within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2015 as follows:

expressed in thousands of dollars	Level 1	Level 2	Total
Financial Assets			
Cash	$17,518	$ -	$17,518
Marketable securities	317	-	317
Provisionally priced accounts receivables	-	4,473	4,473
Derivative instruments assets	-	17,047	17,047
Future site reclamation deposits	4,355	-	4,355
	22,190	21,520	43,710
Financial Liabilities			
Provisionally priced accounts receivables repayable	-	(1,369)	(1,369)
	$22,190	$20,151	$42,341

SELECT QUARTER FINANCIAL INFORMATION

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

	Three Months Ended			
	June 30 2015	March 31 2015	December 31 2014	September 30 2014
Total sales including 50% equity share of Huckleberry				
Copper 000's lbs sold	*8,296*	*2,881*	*5,615*	*11,024*
Gold ounces sold	*1,644*	*1,175*	*2,530*	*7,479*
Silver ounces sold	*37,369*	*13,150*	*24,611*	*42,501*
Total sales excluding Huckleberry				
Copper 000's lbs sold	-	-	*1,057*	*5,006*
Gold ounces sold	*1,100*	*954*	*2,187*	*6,957*
Silver ounces sold	-	-	*4,043*	*17,205*
Total revenues	$1,726	$1,533	$5,841	$22,667
Equity income (loss) in Huckleberry	$626	$(593)	$(1,295)	$1,851
Net income (loss)	$1,644	$(33,384)	$(9,134)	$(49,221)
Basic income (loss) per share (1)	$0.02	$(0.45)	$(0.12)	$(0.66)
Diluted income (loss) per share (1)	$0.02	$(0.45)	$(0.12)	$(0.66)
Adjusted net (loss) income (2)	$(9,371)	$(8,012)	$(8,681)	$3,729
Adjusted net (loss) income per share(1) (2)	$(0.12)	$(0.11)	$(0.12)	$0.05
Adjusted EBITDA (2)	$(7,840)	$(6,145)	$(4,686)	$9,869
Cash flow (2)	$2,270	$(6,061)	$10,536	$(59,129)
Cash flow per share (1) (2)	$0.03	$(0.08)	$0.14	$(0.79)
Average LME copper price/lb in US$	$2.74	$2.64	$3.000	$3.170
Average LME gold price/troy oz in US$	$1,193	$1,219	$1,201	$1,282
Average CDN/US$ exchange rate	$1.229	$1.241	$1.136	$1.089
Period end CDN/US$ exchange rate	$1.247	$1.268	$1.160	$1.121

	Three Months Ended			
	June 30 2014	March 31 2014	December 31 2013	September 30 2013
Total sales including 50% equity share of Huckleberry				
Copper 000's lbs sold	*13,857*	*15,556*	*16,169*	*12,432*
Gold ounces sold	*12,045*	*13,889*	*13,790*	*14,161*
Silver ounces sold	*42,725*	*56,419*	*69,957*	*45,249*
Total sales excluding Huckleberry				
Copper 000's lbs sold	*10,665*	*10,735*	*9,696*	*9,719*
Gold ounces sold	*11,569*	*13,594*	*13,408*	*13,994*
Silver ounces sold	*30,972*	*32,479*	*34,568*	*29,572*
Total revenues	$51,066	$51,335	$43,954	$51,668
Equity income (Loss) in Huckleberry	$1,390	$(1,308)	$4,465	$(345)
Net income	$15,213	$5,857	$8,071	$14,721
Basic income per share (1)	$0.20	$0.08	$0.11	$0.20
Diluted income per share (1)	$0.20	$0.08	$0.11	$0.20
Adjusted net income (2)	$8,899	$6,899	$7,225	$16,641
Adjusted net income per share(1) (2)	$0.12	$0.09	$0.10	$0.22
Adjusted EBITDA (2)	$23,567	$19,684	$21,469	$28,586
Cash flow (2)	$21,494	$20,317	$17,087	$28,639
Cash flow per share (1) (2)	$0.29	$0.27	$0.23	$0.38
Average LME copper price/lb in US$	$3.080	$3.190	$3.240	$3.210
Average LME gold price/troy oz in US$	$1,289	$1,294	$1,291	$1,327
Average CDN/US$ exchange rate	$1.091	$1.103	$1.049	$1.039
Period end CDN/US$ exchange rate	$1.068	$1.105	$1.064	$1.029

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

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

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

(a) Fluctuations in revenue are due to the timing of shipping schedules and quantities of copper and gold sold on each ship, production volumes at the mines including reductions due to suspension of mine operations, changes in the price of copper, gold and the CDN/US Dollar exchange rate.
(b) Fluctuations in net income or loss are due to the revenue changes described above and realized and unrealized gains/losses on derivative instruments based on movements in the reference item hedged, changes in foreign exchange rates on US Dollar denominated debt, changes in production cost inputs and changes in tax rates.
(c) Rehabilitation costs and related insurance recoveries related to the August 4, 2014 Mount Polley tailings dam breach. While the primary impact of this item was in the September 2014 quarter, the recording of insurance recoveries and any revisions to the rehabilitation provision impacts periods subsequent to September 30, 2014 as insurance proceeds are recorded in the period they are received. Insurance recoveries of $14.0 million were received and recorded in the December 2014 quarter and $11.0 million were received and recorded in the June 2015 quarter.

The higher net income in the September 2013 quarter is due primarily to lower operating expenses. The lower net income in the June 2014 quarter is primarily due to the loss resulting from the temporary suspension of the Huckleberry mill. The higher net income on the June 2014 quarter is primarily due to foreign exchange gains on revaluation of the Company's US Dollar denominated debt. The large net loss in the September 2014 quarter is primarily due to the provision for rehabilitation costs for the Mount Polley tailings dam breach. The net loss in the December 2014 quarter is primarily the result of sharply reduced revenue resulting from the suspension of operations at the Mount Polley mine in August 2014 due to the tailings dam breach and higher foreign exchange losses. The higher net loss on the March 2015 quarter is the result of no production or sales from the Mount Polley mine and large foreign exchange losses on revaluation of the Company's US Dollar denominated debt. The income in the June 2015 quarter is largely the result of $11.0 million in insurance recoveries.

RELATED PARTY TRANSACTIONS

Corporate

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

expressed in thousands of dollars	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Loan guarantee fee for guarantee of portion of bank loan facility	$ -	$ -	$ -	$91
Loan guarantee fee for guarantee of Second Lien Credit Facility	$251	-	$461	-
Loan commitment fee	$300	$ -	$300	-
Financing fees – cash	$ -	$ -	$ -	$1,000
Financing fees – warrants	$ -	$ -	$ -	$870
Interest	$3,848	$1,015	$6,527	$4,203
Accrued interest on Senior Unsecured Notes and Convertible Debentures	$3,337	$1,211	$3,337	$1,211
Line of credit	$30,000	-	$30,000	-
Junior Credit Facility	$75,000	$ -	$75,000	$ -
Senior Unsecured Notes (US$53,300)	$66,486	$56,903	$66,486	$56,903
Convertible Debentures	$40,000	$ -	$40,000	$ -
Acquisition and development of mineral properties	$ -	$29	$ -	$29
Trade and other payables (receivable)	$(4)	$29	$(4)	$29
Cost of sales	$ -	$6	$ -	$6

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.

The loan guarantee fees for a portion of bank loan facility in the 2014 period are related to the guarantee by N. Murray Edwards of $75.0 million of the Company's credit facility with its bank. This credit facility was utilized for general working capital purposes.

The loan guarantee fees in the 2015 period are related to the guarantee by Edco of the Second Lien Credit Facility which provided additional liquidity for the commissioning of the Red Chris mine.

The commitment fee in the 2015 period was paid to Edco and relates to the Company's current $30,000 line of credit facility entered into in May 2015. The Line of Credit bears interest at 12% per annum and is repayable on the earlier of the date of receipt of the proceeds from the financings, as described under the heading "Financings" under "Liquidity and Capital Resources", or November 29, 2015.

Cash financing fees of $0.3 million in the 2014 period are related to a line of credit facility from Edco utilized to fund development of the Red Chris mine. This facility was repaid in March 2014 upon completion of the long term financing arrangements for the Red Chris mine. The balance of the 2014 period cash and warrant financing fees are related to the $75.0 million Junior Credit Facility from Edco. This facility is available to fund any cost overruns at the Red Chris mine and for general working capital purposes.

Edco, directors and officers purchased US$53.3 million of the US$325.0 million Senior Unsecured Note offering which closed in March 2014 and provided part of the long term financing for the Red Chris mine.

Edco purchased $40.0 million of the $115.0 million convertible debentures in September 2014 which provided funding for completing and commissioning the Red Chris mine, remediating the effects of the tailings dam breach at the Mount Polley mine, and for ongoing operations.

Trade and other payables (receivable) relate to mine operating services supplied in the normal course by a company in which Mr. Yurkowski, a director, is an owner.

Interest expense in the 2015 period is related to the Senior Unsecured Notes, the Junior Credit Facility, the Convertible Debentures and the May 2015 line of credit facility. Interest expense in the 2014 period is related to the $250.0 million line of credit facility repaid in March 2014 from the long term financing arrangements for the Red Chris mine and the Senior Unsecured Notes.

OTHER

As of August 12, 2015 the Company had 76,240,231 common shares outstanding, and on a diluted basis 88,810,996 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 MD&A, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

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

Internal Controls and Procedures

The Company's management evaluated the design and operational effectiveness of its internal control over financial reporting as defined under National Instrument 52-109.

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 (1992). Based on this evaluation management has concluded that as of June 30, 2015 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 MD&A.

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, none of these matters will have a material effect on the Company's condensed consolidated interim financial position or financial performance. At June 30, 2015 the Company has recorded a provision of $6.4 million for future rehabilitation costs related to the Mount Polley mine tailings dam breach.

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the "Claim"). The Company has engaged independent legal counsel to advise it on this matter and intends to vigorously defend the Claim. At this time the Company cannot predict the outcome of the Claim or determine the amount of any potential losses and accordingly, no provision has been made as of June 30, 2015.

Risk Factors

The Company's business involves a high degree of risk. You should carefully consider the risks described in the Company's MD&A in the audited Consolidated Financial Statements for the year ended December 31, 2014. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition, results of operations and cash flow would suffer. The risks also include forward-looking information, and our actual results may differ substantially from those discussed in these forward-looking information. Refer to *Forward-Looking Information and Risks Notice*.

OUTLOOK

This section contains forward-looking information. Refer to *Forward-Looking Information and Risks Notice*.

Operations, Earnings and Cash Flow

The base and precious metals production allocable to Imperial in 2015 from the Huckleberry mine is estimated to be 22.0 million pounds of copper.

Derivative instruments for the period July to December 2015 protect the pricing on 48,600 ounces of gold and about 33% of the foreign exchange movement on the Company's US$325.0 million Notes. However, the quarterly revenues will fluctuate depending on copper and gold prices, the CDN/US Dollar exchange rate, and the timing of concentrate sales which is dependent on concentrate production and the availability and scheduling of transportation.

Exploration

Exploration in 2015 will be limited in scope.

Development

Following the signing of the Impact, Benefit and Co-Management Agreement with the Tahltan Nation, the Company looks forward to working together with the Tahltan Nation to make the Red Chris mine an important driver of employment and the economy in northwestern British Columbia. At the end of June 2015, First Nation employees represented over 28% of the Red Chris workforce. Operations at Red Chris will focus on completion of construction work at the tailings facility, and on maximizing the throughput and metallurgical performance of the processing plant.

At Mount Polley work continues on rehabilitation of the areas affected by the breach of the tailings embankment. Permitting work on both a short term and long term water discharge permit is underway. Obtaining these permits is required to maintain the water balance on the site. Work is also underway to design a system to store tailings in the long term which would allow the mine to restart full scale operations.

Mount Polley restarted operations on August 5, 2015 following receipt of permit amendments on July 5, 2015 which allowed recommencement of the mine using a modified operation plan that includes the use of the Springer pit to contain the tailings produced. Operations commenced on a one week on, one week off basis, with ore coming from the Cariboo pit and the Boundary zone underground mine.

An optimized mine plan for the Huckleberry mine is in progress, and is expected to be completed by the end of the year.

At Sterling, the Company awaits approval of the environmental assessment for the open pit mine from the Bureau of Land Management. The heap will continue to recover gold for a few more months. An exploration program that includes soil sampling and geological mapping is being conducted in an area of favorable geology along the northern flank of Bare Mountain.

Acquisitions

Management continues to evaluate potential acquisitions and exploration opportunities both on currently owned properties and new prospects.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	Notes	June 30 2015	December 31 2014
ASSETS			
Current Assets			
Cash		$17,518	$19,913
Marketable securities		317	321
Trade and other receivables	3	12,566	16,244
Inventory	4	26,931	21,402
Derivative instrument assets	11	3,109	3,691
Prepaid expenses and deposits		3,370	1,936
		63,811	63,507
Derivative Instrument Assets	11	13,938	3,894
Investment in Huckleberry Mines Ltd.	5	92,803	92,770
Mineral Properties	6	1,262,749	1,171,400
Other Assets	7	6,732	6,786
		$1,440,033	$1,338,357
LIABILITIES			
Current Liabilities			
Trade and other payables	8	$82,446	$77,651
Taxes payable		3,325	3,275
Short term debt	9	30,000	-
Provision for rehabilitation costs	16	5,380	23,686
Current portion of non-current debt	10	14,143	12,590
Current portion of future site reclamation provisions		1,892	1,775
		137,186	118,977
Provision for Rehabilitation Costs	16	1,000	2,275
Non-Current Debt	10	806,648	694,257
Future Site Reclamation Provisions		26,303	24,138
Deferred Income Taxes		90,225	90,716
		1,061,362	930,363
EQUITY			
Share Capital	12	123,875	123,859
Share Option Reserve	12	14,674	14,468
Warrant Reserve	12	870	870
Equity Component of Convertible Debenture	10	20,906	20,906
Currency Translation Adjustment		6,070	3,875
Retained Earnings		212,276	244,016
		378,671	407,994
		$1,440,033	$1,338,357
Commitments and Pledges	6, 24		
Contingent Liabilities	25		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on August 12, 2015

"Larry G. Moeller" *"J. Brian Kynoch"*

Larry G. Moeller
Director

J. Brian Kynoch
Director

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

For the Three and Six Months Ended June 30, 2015 and 2014

Unaudited – Prepared by Management

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

	Notes	Second Quarter Three Months Ended June 30 2015	2014	Year to Date Six Months Ended June 30 2015	2014
Revenue		$1,726	$51,066	$3,259	$102,401
Cost of Sales	13	(4,707)	(33,615)	(7,953)	(69,058)
(Loss) Income from Mine Operations		(2,981)	17,451	(4,694)	33,343
General and Administration	14	(1,734)	(2,123)	(4,020)	(4,606)
Finance Income (Costs)	15	1,702	5,961	(25,824)	3,942
Idle Mine Costs		(6,381)	-	(11,070)	-
Insurance Recoveries		11,000	-	11,000	-
Other Income		84	135	289	124
Equity Income in Huckleberry	5	626	1,390	33	82
Income (Loss) before Taxes		2,316	22,814	(34,286)	32,885
Income and Mining Tax (Expense) Recovery	17	(672)	(7,601)	2,546	(11,815)
Net Income (Loss)		1,644	15,213	(31,740)	21,070
Other Comprehensive (Loss) Income					
Items that may be subsequently reclassified to profit or loss					
Currency translation adjustment		(519)	(1,150)	2,195	(12)
Total Comprehensive Income (Loss)		$1,125	$14,063	$(29,545)	$21,058
Income (Loss) Per Share					
Basic	18	$0.02	$0.20	$(0.42)	$0.28
Diluted	18	$0.02	$0.20	$(0.42)	$0.28
Weighted Average Number of Common Shares Outstanding					
Basic	18	74,969,955	74,945,642	74,969,365	74,891,397
Diluted	18	75,598,141	75,887,798	74,969,365	75,946,294

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2015 and 2014

Unaudited – Prepared by Management

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

	Share Capital		Share		Equity	Currency		
	Number of Shares	Amount	Option Reserve	Warrant Reserve	Component of Convertible Debentures	Translation Adjustment	Retained Earnings	Total
Balance December 31, 2013	74,676,018	$120,408	$15,119	$ -	$ -	$1,336	$281,301	$418,164
Issued on exercise of options	270,250	3,170	(1,284)	-	-	-	-	1,886
Warrants issued	-	-	-	870	-	-	-	870
Share based compensation expense	-	-	447	-	-	-	-	447
Total comprehensive income (loss)	-	-	-	-	-	(12)	21,070	21,058
Balance June 30, 2014	74,946,268	$123,578	$14,282	$870	$ -	$1,324	$302,371	$442,425
Balance December 31, 2014	74,968,768	$123,859	$14,468	$870	$20,906	$3,875	$244,016	$407,994
Issued on exercise of options	1,500	16	(7)	-	-	-	-	9
Share based compensation expense	-	-	213	-	-	-	-	213
Total comprehensive income (loss)	-	-	-	-	-	2,195	(31,740)	(29,545)
Balance June 30, 2015	74,970,268	$123,875	$14,674	$870	$20,906	$6,070	$212,276	$378,671

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three and Six Months Ended June 30, 2015 and 2014

Unaudited – Prepared by Management

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

	Notes	Second Quarter Three Months Ended June 30 2015	2014	Year to Date Six Months Ended June 30 2015	2014
OPERATING ACTIVITIES					
Income (Loss) before taxes		$2,316	$22,814	$(34,286)	$32,885
Items not affecting cash flows					
Equity income in Huckleberry		(626)	(1,390)	(33)	(82)
Depletion and depreciation		1,614	6,126	3,191	12,623
Share based compensation		107	225	213	447
Accretion of future site reclamation provisions		209	166	420	323
Unrealized foreign exchange (gains) losses		(7,540)	(13,848)	31,088	(13,986)
Unrealized losses (gains) on derivative instruments		3,833	7,413	(9,250)	9,514
Interest expense		2,265	-	4,931	-
Other		92	(12)	(65)	87
		2,270	21,494	(3,791)	41,811
Net change in non-cash operating working capital balances	19	(963)	(6,185)	(28,719)	(16,821)
Income and mining taxes paid		-	(2,750)	-	(3,472)
Income and mining taxes received		-	9	-	9
Interest paid		(4,713)	(1,713)	(21,972)	(6,555)
Cash (used in) provided by operating activities		(3,406)	10,855	(54,482)	14,972
FINANCING ACTIVITIES					
Proceeds of short term debt		68,369	-	75,641	174,576
Repayment of short term debt		(45,834)	-	(45,834)	(307,256)
Proceeds of non-current debt		11,001	143,420	90,808	624,262
Repayment of non-current debt		(3,373)	(32,478)	(11,270)	(293,298)
Issue of share capital		9	15	9	1,886
Other		-	(6)	-	(869)
Cash provided by financing activities		30,172	110,951	109,354	199,301
INVESTING ACTIVITIES					
Acquisition and development of mineral properties		(35,945)	(132,871)	(69,179)	(223,254)
Net change in non-cash investing working capital balances		19,995	16,686	11,742	13,576
Proceeds on sale of mineral properties		83	77	83	93
Increase in future site reclamation deposits		-	(3)	-	(3)
Other		93	(183)	(12)	(831)
Cash used in investing activities		(15,774)	(116,294)	(57,366)	(210,419)
EFFECT OF FOREIGN EXCHANGE ON CASH		28	(43)	99	18
INCREASE (DECREASE) IN CASH		11,020	5,469	(2,395)	3,872
CASH, BEGINNING OF PERIOD		6,498	1,498	19,913	3,095
CASH, END OF PERIOD		$17,518	$6,967	$17,518	$6,967

See accompanying notes to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

1. NATURE OF OPERATIONS

Imperial Metals Corporation ("Imperial" and/or 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:

- Red Chris copper/gold mine in northwest British Columbia;
- Mount Polley copper/gold mine in central British Columbia;
- Huckleberry copper mine in northern British Columbia;
- Sterling gold mine in southwest Nevada.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due. The Company has in place a planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans.

At June 30, 2015, the Company had cash of $17,518 and a working capital deficiency of $73,375. This deficiency is primarily the result of the August 4, 2014 tailings dam breach at the Mount Polley mine which resulted in the loss of production from the mine, which was the primary source of cash flow for the Company at that time (Notes 16 and 26(c)) and the costs to complete construction and commissioning of the Red Chris mine.

On May 29, 2015 the Company entered into a $30,000 line of credit (Note 9) to provide short term funding until the completion of three financings aggregating $80,000. Details of three financings, one of which was completed on August 11, 2015, can be found in Note 26(a). A portion of these financings will be used to repay the $30,000 line of credit.

The projected cash flow from the Red Chris and Mount Polley mines, as well as the anticipated funds from the financings (Note 26(a)) are expected to be sufficient to fund the remaining estimated rehabilitation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the ramp up of the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation at the Mount Polley mine which could require additional sources of financing. There can be no assurance that additional adequate financing will be available on terms acceptable to the Company or at all which could have a material adverse impact on the Company's financial condition and results of operations and its ability to continue to operate as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2014, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board which are applicable from January 1, 2015.

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2014 prepared in accordance with IFRS.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

The preparation of condensed consolidated interim financial statements 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. The significant accounting judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2014.

Changes in Accounting Standards

The Company has not applied the following new standards and amendments to standards that have been issued but are not yet effective:

IFRS 15 - *Revenue from Contracts with Customers* (effective January 1, 2018) - This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers.

IFRS 9 - *Financial Instruments* (effective January 1, 2018) - This standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and hedge accounting.

Management is currently assessing the impact of the new standards.

3. TRADE AND OTHER RECEIVABLES

	June 30 2015	December 31 2014
Trade receivables	$8,215	$15,657
Taxes receivable	4,351	587
	$12,566	$16,244

4. INVENTORY

	June 30 2015	December 31 2014
Stockpile ore	$3,977	$3,873
Stockpiles and ore under leach	1,237	3,854
Dore	25	1,303
Concentrate	2,753	-
Supplies	18,939	12,372
	$26,931	$21,402

	Three Months Ended		Six Months Ended	
	June 30 2015	June 30 2014	June 30 2015	June 30 2014
Inventory recognized as expense during the period	$4,609	$23,593	$7,675	$49,968
Impairment charges on stock pile and ore under leach included in expense during the period	$2,744	$1,025	$4,674	$1,917

As at June 30, 2015 the Company had $26,931 (December 31, 2014-$21,402) inventory pledged as security for debt.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD.

The Company has a 50% interest in Huckleberry Mines Ltd. ("Huckleberry") and has determined the joint arrangement qualifies as a joint venture which is accounted for using the equity method. The Huckleberry open pit copper/molybdenum mine is located 88 kilometres south-southwest of Houston in west central British Columbia. The Huckleberry property consists of two mining leases covering 2,422 hectares and 39 mineral claims encompassing approximately 17,358 hectares.

	Six Months Ended June 30 2015	Year Ended December 31 2014
Balance, beginning of period	$92,770	$92,132
Equity income for the period	33	638
Balance, end of period	$92,803	$92,770

Summarized financial information for Huckleberry is as follows [(1)]:

Statement of Financial Position *stated 100% - Imperial's equity share is 50%*	June 30 2015	December 31 2014
ASSETS		
Current Assets		
Cash	$11,412	$23,910
Other current assets	33,039	31,640
	44,451	55,550
Mineral Properties	182,505	179,441
Other Non-Current Assets	26,432	24,313
	$253,388	$259,304
LIABILITIES		
Current Liabilities		
Trade and other payables	$12,748	$12,330
Other current liabilities	569	6,176
	13,317	18,506
Future Site Reclamation Provisions	43,940	45,394
Other Non-Current Liabilities	10,524	9,863
	67,781	73,763
EQUITY		
Share Capital	57,596	57,596
Retained Earnings	128,011	127,945
	185,607	185,541
	$253,388	$259,304

[(1)] The Company's equity share of earnings of Huckleberry includes certain adjustments to ensure consistency of accounting policies with those of the Company. These adjustments are reflected in the above figures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

Statement of Income and Comprehensive Income
stated 100% - Imperial's equity share is 50%

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Revenue	$47,894	$19,807	$62,642	$47,401
Cost of Sales	(46,413)	(15,377)	(62,890)	(44,428)
Income (Loss) from Mine Operations	1,481	4,430	(248)	2,973
General and Administration	352	(485)	1,133	23
Finance Income (Costs)	65	(433)	(287)	(336)
Idle Mine Recovery (Costs)	-	189	-	(3,327)
Income (Loss) before Taxes	1,898	3,701	598	(667)
Income and Mining Tax (Expense) Recovery	(647)	(919)	(532)	832
Net Income and Comprehensive Income	$1,251	$2,782	$66	$165

Statement of Cash Flows
stated 100% - Imperial's equity share is 50%

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
OPERATING ACTIVITIES				
Net income (loss) before taxes	$1,898	$3,701	$598	$(667)
Items not affecting cash flows				
Depletion and depreciation	7,834	3,567	10,670	8,980
Unrealized foreign exchange (income) loss	(53)	(207)	119	(2)
Unrealized gains on derivative instruments	-	70	-	43
Other	351	394	719	414
	10,030	7,525	12,106	8,768
Net change in non-cash operating working capital balances	(4,139)	(8,299)	(3,891)	3,329
Income and mining taxes received (paid)	615	(150)	(3,406)	(500)
Cash provided by (used in) operating activities	6,506	(924)	4,809	11,597
INVESTING ACTIVITIES				
Acquisition and development of mineral properties	(8,403)	(7,176)	(15,067)	(17,043)
Other	(1,875)	(1,733)	(2,121)	(3,414)
Cash used in investing activities	(10,278)	(8,909)	(17,188)	(20,457)
EFFECT OF FOREIGN EXCHANGE ON CASH	53	207	(119)	2
DECREASE IN CASH	(3,719)	(9,626)	(12,498)	(8,858)
CASH, BEGINNING OF PERIOD	15,131	32,351	23,910	31,583
CASH, END OF PERIOD	$11,412	$22,725	$11,412	$22,725

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

(a) Mineral Properties

	Cost	Accumulated Depletion, Depreciation and Impairment Losses	Net Carrying Amount
Balance December 31, 2013	$493,158	$329,672	$163,486
Additions	37,977	-	37,977
Depletion & Depreciation	-	20,759	(20,759)
Disposals & Impairments	(2,341)	(1,078)	(1,263)
Balance December 31, 2014	528,794	349,353	179,441
Additions	14,571	-	14,571
Depletion & Depreciation	-	11,507	(11,507)
Balance June 30, 2015	$543,365	$360,860	$182,505

Refer to notes 5(c) and (f) for pledged assets and contractual commitments.

(b) Derivative Instruments

Huckleberry had no derivative instruments outstanding at June 30, 2015.

(c) Pledged Assets

At June 30, 2015, Huckleberry had pledged cash deposits of $14,165 (December 31, 2014-$14,165) and certain mining equipment with a net book value of $16,208 (December 31, 2014-$16,000) as security for future site reclamation obligations.

(d) Future Site Reclamation Provisions

Changes to the future site reclamation provisions are as follows:

	Six Months Ended June 30 2015	Year Ended December 31 2014
Balance, beginning of period	$45,716	$39,022
Accretion	738	1,639
Costs incurred during the period	(20)	(488)
Change in estimates of future costs and discount rate	(2,147)	5,543
Balance, end of period	44,287	45,716
Less portion due within one year	(347)	(322)
	$43,940	$45,394

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

(e) Reclamation Bonding Obligations

As at June 30, 2015 Huckleberry is obligated to increase its reclamation bond funding as follows:

2015	$3,000
2016	6,000
2017	18,000
	$27,000

(f) Commitments

As at June 30, 2015, Huckleberry is committed to future minimum operating lease payments as follows:

2015	$178
2016	349
2017	279
2018	75
2019	2
	$883

As at June 30, 2015, Huckleberry had contractual commitments to purchase plant and equipment at a cost of $977.

[remainder of page intentionally left blank]

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

6. MINERAL PROPERTIES

		Mineral Properties not being depleted				
Cost	Mineral Properties being depleted	Projects not in Production	Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total
Balance as at December 31, 2013	$205,598	$140,204	$19,124	$276,900	$408,952	$1,050,778
Additions	30,244	53,091	2,247	21,195	310,322	417,099
Reclassifications	246	(246)	-	-	-	-
Disposals	-	-	-	(1,357)	(52,000)	(53,357)
Foreign exchange movement	606	2,636	-	(124)	-	3,118
Balance as at December 31, 2014	236,694	195,685	21,371	296,614	667,274	1,417,638
Additions	68	1,665	406	39,375	54,124	95,638
Reclassifications	6,278	-	-	(6,278)	-	-
Disposals	-	-	-	(37)	-	(37)
Foreign exchange movement	624	2,398	-	(108)	-	2,914
Balance as at June 30, 2015	$243,664	$199,748	$21,777	$329,566	$721,398	$1,516,153

		Mineral Properties not being depleted				
Accumulated depletion & depreciation & impairment losses	Mineral Properties being depleted	Projects not in Production	Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total
Balance as at December 31, 2013	$94,787	$ -	$1,645	$129,523	$ -	$225,955
Depletion & depreciation	5,707	-	-	14,064	-	19,771
Disposals	-	-	-	(652)	-	(652)
Foreign exchange movement	906	-	-	258	-	1,164
Balance as at December 31, 2014	101,400	-	1,645	143,193	-	246,238
Depletion & depreciation	-	-	30	6,116	-	6,146
Disposals	-	-	-	(37)	-	(37)
Foreign exchange movement	794	-	-	263	-	1,057
Balance as at June 30, 2015	$102,194	$ -	$1,675	$149,535	$ -	$253,404
Carrying Amount						
Balance as at December 31, 2013	$110,811	$140,204	$17,479	$147,377	$408,952	$824,823
Balance as at December 31, 2014	$135,294	$195,685	$19,726	$153,421	$667,274	$1,171,400
Balance as at June 30, 2015	$141,470	$199,748	$20,102	$180,031	$721,398	$1,262,749

At June 30, 2015 the Company had contractual commitments totaling $2,036 (December 31, 2014-$9,480) for the acquisition of property, plant and equipment (Note 24(c)).

At June 30, 2015 mineral property assets with a carrying value of $1,370 (December 31, 2014-$1,370) are legally restricted for the purposes of settling future site reclamation provisions (Note 24(b)).

During the six months ended June 30, 2015 the Company capitalized borrowing costs of $24,441 (June 30, 2014-$15,413) related to the Red Chris project into construction in progress at a weighted average borrowing rate of 7.28% (June 30, 2014-6.57%).

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

7. OTHER ASSETS

	June 30 2015	December 31 2014
Future site reclamation deposits	$4,355	$4,063
Other	2,377	2,723
	$6,732	$6,786

8. TRADE AND OTHER PAYABLES

	June 30 2015	December 31 2014
Trade payables	$38,519	$47,374
Accrued liabilities	43,927	30,277
	$82,446	$77,651

9. SHORT TERM DEBT

Amounts due for short term debt are:	June 30 2015	December 31 2014
Line of Credit of $30,000 (December 31, 2014-$nil) from a related party (Note 20) bearing interest at 12% per annum and repayable on the earlier of the date of receipt of the proceeds from the rights offering financing (Note 26(a)) or November 29, 2015.	$30,000	$ -

The movement of the amounts due for short term debt are:	Six Months Ended June 30 2015	Year Ended December 31 2014
Balance, beginning of period	$ -	$132,410
Amounts advanced	75,641	174,576
Amounts repaid	(45,834)	(307,256)
Foreign exchange losses	193	270
Balance, end of period	$30,000	$ -

Movements in short term debt include concentrate advances from purchasers of concentrate. No balances related to concentrate advances were outstanding at June 30, 2015 or December 31, 2014.

10. NON-CURRENT DEBT

Amounts due for non-current debt are:		June 30 2015	December 31 2014
Senior secured revolving credit facility, net of issue costs	(a)	$168,198	$172,480
Second lien secured revolving credit facility, net of issue costs	(b)	45,756	-
Senior unsecured notes, net of issue costs	(c)	397,449	368,787
Junior credit facility	(d)	75,000	30,000
Convertible debentures	(e)	89,782	87,679
Equipment loans	(f)	44,606	47,901
		820,791	706,847
Less portion due within one year		(14,143)	(12,590)
		$806,648	$694,257

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

The movement of the amounts due for non-current debt are:	Six Months Ended June 30 2015	Year Ended December 31 2014
Balance, beginning of period	$706,847	$244,382
Amounts advanced, net of issue costs including warrants (Note 12(c))	90,808	817,915
Foreign exchange loss	30,895	18,809
Accretion of debt issue costs	1,408	3,594
Accretion of interest on convertible debentures	2,103	1,366
Amounts repaid	(11,270)	(379,219)
Balance, end of period	820,791	706,847
Less portion due within one year	(14,143)	(12,590)
	$806,648	$694,257

(a) Senior Credit Facility

Senior secured revolving credit facility from a syndicate of banks aggregating $200,000 (December 31, 2014-$200,000) due on October 1, 2016. The facility is secured by trade and other receivables, inventory, shares of all material subsidiaries and a floating charge on certain assets of the Company. A portion of the facility $30,033 (December 31, 2014-$25,758) has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 24(b)). The Company has until December 1, 2015 to achieve completion at the Red Chris mine.

(b) Second Lien Credit Facility

Second lien secured revolving credit facility aggregating $50,000 (December 31, 2014-$nil) due on April 1, 2017. The facility is secured by trade and other receivables, inventory, shares of all material subsidiaries and a floating charge on certain assets of the Company, subject to the priority interests held on those assets by the Senior Credit Facility. This facility has been guaranteed by a related party (Note 20).

(c) Senior Unsecured Notes

Senior unsecured notes (the “Notes”) due March 15, 2019 aggregating US$325,000 with interest at 7% per annum payable on March 15 and September 15 of each year commencing September 15, 2014. The Notes, net of transaction costs, are accounted for at amortized cost using the effective interest method.

The Notes are guaranteed by all the material subsidiaries of the Company. The Company may redeem some or all of the Notes at any time on or after March 15, 2017 at redemption prices ranging from 103.5% to 100% plus accrued interest and prior to that date at 100% plus a make-whole premium plus accrued interest. Prior to March 15, 2017 the Company may also redeem up to 35% of the principal amount of the Notes from the net proceeds of certain equity offerings at a redemption price of 107% plus accrued interest.

The indenture governing the Notes places certain transaction-based restrictions on the Company’s ability to incur additional indebtedness; prepay, redeem or repurchase certain debt; pay dividends or make other distributions or repurchase or redeem shares; make loans and investments; sell assets; incur liens; enter into transactions with affiliates; consolidate, merge or sell all or substantially all of the Company’s assets, in each case subject to certain exceptions.

(d) Junior Credit Facility

The junior credit facility is from a related party. It aggregates $75,000 (December 31, 2014-$75,000) and is unsecured with interest payable quarterly at 10% per annum. The facility is due on March 15, 2019 however the facility must be repaid upon (i) receipt of proceeds from specific sources as described in the agreement, (ii) the debt ratio in the senior credit facility permitting repayment of the debt. In March 2014 the Company issued 750,000 warrants (Notes 12(c) and 20) in connection with this facility.

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

(e) Convertible Debentures

The debentures bear interest at 6% per year with interest payable semi-annually on June 30 and December 31 with the first payment due on June 30, 2015 (Note 26(b)). The face value of the convertible debentures are convertible into common shares of the Company at the option of the holder upon at least 61 days advance notice at any time prior to maturity at a conversion price of $12.00 per common share. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 125% of the conversion price for at least 30 consecutive days. At the option of the Company, subject to the separate approval of the TSX and compliance with all applicable securities laws, such interest may be paid through the issuance of additional convertible debentures or common shares of the Company.

(f) Equipment Loans

Seven finance contracts for US$31,695 (December 31, 2014-US$36,676) and one finance contract for $5,069 (December 31, 2014-$5,353) at interest rates ranging from 2.50% to 3.42% with monthly instalments of US$911 and $60, respectively.

11. DERIVATIVE INSTRUMENTS

Commodity Derivatives

Option contracts outstanding at June 30, 2015 for gold are as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
Contract Period	*US$/oz*	*US$/oz*	*ounces of gold*	*ounces of gold*
2015	$1,187	$1,374	48,600	48,600

The put options purchased have a price range of US$1,100 to US$1,250 per ounce and the call options sold have a price range of US$1,300 to US$1,415 per ounce. The Company will receive/pay the counterparties the difference between the monthly average cash settlement price of gold on the London Metals Exchange and the gold price specified in the put/call option contract. At June 30, 2015 the fair value of commodity derivatives was a net asset of $3,109 (December 31, 2014 - $3,691).

Currency Derivatives

On March 12, 2014, concurrent with the issuance of the Notes, the Company entered into US Dollar fixed to CDN Dollar fixed cross currency swaps aggregating US$110,000 in principal amount to lock in the foreign exchange rate on a portion of the US$325,000 Notes and related interest payments (Note 10(c)). These cash flow hedges provide the Company with a fixed US Dollar to CDN Dollar exchange rate and a fixed interest rate on the US$110,000 swapped to $122,232 principal amount of the Notes. The foreign exchange rate on the US$110,000 swapped principal plus related interest payments over the five year term of the Notes is fixed at 1.1112 CDN for each US Dollar. The interest rate on the CDN Dollar obligations is fixed at 7.6% per annum over the term of the Notes.

At June 30, 2015 the fair value of the cross currency swap was an asset of $13,938 (December 31, 2014-$3,894).

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

12. 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, of which 3,100,000 have been designated as "Series A First Preferred shares" (issued and outstanding – nil)

50,000,000 Second Preferred shares without par value with rights and restrictions to be determined by the directors (issued and outstanding – nil)

An 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 June 30, 2015 a total of 5,259,577 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.

Movements in Share Options

The changes in share options were as follows:

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,238,950	$8.37	2,582,700	$8.28
Exercised	(1,500)	$5.93	(292,750)	$7.02
Forfeited	-	-	(51,000)	$11.55
Outstanding at end of period	2,237,450	$8.37	2,238,950	$8.37
Options exercisable at end of period	1,985,450	$7.97	1,986,950	$7.97

The following table summarizes information about the Company's share options outstanding at June 30, 2015:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
$4.41	860,900	3.50	860,900	3.50
$5.93	170,500	4.50	170,500	4.50
$11.55	1,206,050	5.30	954,050	5.30
	2,237,450	4.55	1,985,450	4.45

For share options exercised during the three and six months ended June 30, 2015, the weighted average share price at the date of exercise was $13.13 and $13.13, respectively (June 30, 2014-$14.05 and $17.09, respectively).

(c) Warrants

In connection with the junior credit facility (Note 10(d)) the Company issued 750,000 warrants on March 12, 2014 to a related party at an ascribed value of $870. Each warrant is exercisable at $20.00 and entitles the holder to purchase one common share of the Company. The warrants expire on March 12, 2016. At June 30, 2015 all 750,000 warrants remained outstanding.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

13. COST OF SALES

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Operating expenses	$2,442	$19,452	$4,086	$38,588
Salaries, wages and benefits	2,195	8,171	3,624	18,142
Depletion and depreciation	70	5,975	243	12,294
Share based compensation	-	17	-	34
	$4,707	$33,615	$7,953	$69,058

14. GENERAL AND ADMINISTRATION COSTS

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Administration	$1,220	$1,339	$2,471	$2,594
Share based compensation	148	208	197	413
Depreciation	179	151	358	329
Foreign exchange loss	187	425	994	1,270
	$1,734	$2,123	$4,020	$4,606

15. FINANCE INCOME (COSTS)

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Accretion of future site reclamation provisions	$(209)	$(166)	$(420)	$(323)
Interest on short term debt	(693)	-	(711)	-
Interest on non-current debt	(1,572)	-	(4,220)	-
Foreign exchange loss on current debt	(145)	-	(193)	(270)
Foreign exchange gain (loss) on non-current debt	7,388	13,592	(30,895)	14,169
Fair value adjustment to marketable securities	45	(66)	(4)	(153)
Realized gains (loss) on derivative instruments	694	(1)	1,306	13
Unrealized (losses) gains on derivative instruments	(3,833)	(7,413)	9,250	(9,514)
	1,675	5,946	(25,887)	3,922
Interest income	27	15	63	20
Finance income (costs)	$1,702	$5,961	$(25,824)	$3,942

16. PROVISION FOR REHABILITATION COSTS

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, BC was breached. There were no injuries as a result of this incident. The Company promptly commenced response and recovery activities, followed by rehabilitation activities. These activities are ongoing. A total of $67,435 was charged to expense for the year ended December 31, 2014 of which $61,055 was incurred to June 30, 2015 for response and recovery activities, as well as initial rehabilitation activities which have included but are not limited to construction of a temporary rock berm for tailings security, Polley Lake water level reduction, Quesnel Lake wood recovery, repair and buttressing of the tailings embankment, rehabilitation of Hazeltine Creek, construction of sedimentation ponds and water collection facilities, as well as environmental monitoring, community relations, communications and related corporate support costs.

At June 30, 2015 the remaining provision for rehabilitation costs was $6,380. This provision is for costs expected to be incurred in the future, primarily within the next six months. The provision also includes costs for environmental monitoring, community relations, communications and related corporate support costs. The Company received insurance recoveries totaling $14,000 in the year ended December 31, 2014 and $11,000 in the six months ended June 30, 2015, which were recorded in the consolidated statements of income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at the June 30, 2015 and is subject to revision in the future as further information becomes available to the Company.

Changes in the provision for rehabilitation costs are as follows.

	Six Months Ended June 30 2015	Year Ended December 31 2014
Balance, beginning of the period	$25,961	$ -
Provision for future rehabilitation costs including depreciation	-	67,435
Costs incurred in the period including depreciation of $1,277 (2014-$2,164)	(19,581)	(41,474)
Balance, end of the period	6,380	25,961
Less portion to be incurred within one year	(5,380)	(23,686)
	$1,000	$2,275

17. INCOME AND MINING TAX EXPENSE (RECOVERY)

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Current income and mining taxes	$(3,688)	$305	$(3,663)	$671
Deferred income and mining taxes	4,360	7,296	1,117	11,144
	$672	$7,601	$(2,546)	$11,815

18. INCOME (LOSS) PER SHARE

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

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Numerator:				
Net Income (Loss)	$1,644	$15,213	$(31,740)	$21,070
Denominator:				
Basic weighted-average number of common shares outstanding	74,969,955	74,945,642	74,969,365	74,891,397
Effect of dilutive securities:				
Stock options	628,186	942,157	-	1,054,897
Diluted weighted-average number of common shares outstanding	75,598,141	75,887,799	74,969,365	75,946,294
Basic net income (loss) per common share	$0.02	$0.20	$(0.42)	$0.28
Diluted net income (loss) per common share	$0.02	$0.20	$(0.42)	$0.28

Common shares that may be issued in relation to the following items have been excluded from the calculation of diluted net income (loss) per common share:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Stock options	-	-	2,237,450	-
Warrants	750,000	750,000	750,000	750,000
Convertible debentures	9,583,333	-	9,583,333	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

19. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Trade and other receivables	$(1,106)	$(4,036)	$7,393	$(24,698)
Inventory	14,770	(1,489)	(5,322)	413
Derivative instrument assets	-	(1,752)	-	(74)
Prepaid expenses and deposits	(1,572)	8	(1,433)	616
Trade and other payables	(11,091)	(671)	(10,838)	6,810
Derivative instrument liabilities	(30)	1,755	(215)	112
Provision for rehabilitation costs	(1,934)	-	(18,304)	-
	$(963)	$(6,185)	$(28,719)	$(16,821)

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

During the six months ended June 30, 2015 the Company issued nil (2014-750,000) warrants for financing costs (Notes 10(d) and 20).

(c) Net change in non-cash investing working capital balances:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Trade and other payables	$19,995	$16,686	$11,742	$13,576

[remainder of page intentionally left blank]

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

20. RELATED PARTY TRANSACTIONS

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

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Loan guarantee fee for guarantee of portion of bank loan facility	$ -	$ -	$ -	$91
Loan guarantee fee for guarantee of Second Lien Credit Facility	$251	-	$461	$ -
Loan commitment fee (Note 9)	$300	$ -	$300	$ -
Financing fees – cash	$ -	$ -	$ -	$1,000
Financing fees – warrants (Notes 10(d) and 12 (c))	$ -	$ -	$ -	$870
Interest	$3,848	$1,015	$6,527	$4,203
Accrued interest on Senior Unsecured Notes and Convertible Debentures	$3,337	$1,211	$3,337	$1,211
Line of credit	$30,000	-	$30,000	-
Junior Credit Facility	$75,000	$ -	$75,000	$ -
Senior Unsecured Notes (US$53,300)	$66,486	$56,903	$66,486	$56,903
Convertible Debentures	$40,000	$ -	$40,000	$ -
Acquisition and development of mineral properties	$ -	$29	$ -	$29
Trade and other payables (receivable)	$(4)	$29	$(4)	$29
Cost of sales	$ -	$6	$ -	$6

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.

21. COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The remuneration of the Company's directors and other key management personnel during the six months ended June 30, 2015 and 2014 are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Short term benefits(1)	$349	$359	$689	$714

(1) Short term employee benefits include salaries, estimated bonuses payable within six months of the Statement of Financial Position date and other annual employee benefits. Directors and other key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the six months ended June 30, 2015 and 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

22. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. Except for assets, comprised primarily of the Sterling mine, totaling $33,167 as at June 30, 2015 (December 31, 2014-$34,997) located in the United States, all of its assets are located in Canada. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

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

	Three Months Ended June 30, 2015					
	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$(99)	$ -	$1,602	$ -	$348	$1,851
Less inter-segment revenues	-	-	-	-	(125)	(125)
Revenues from external sources	$(99)	$ -	$1,602	$ -	$223	$1,726
Depletion and Depreciation	$1,365	$ -	$70	$ -	$179	$1,614
Finance (Costs) Income	$(1,289)	$ -	$(31)	$3,113	$(91)	$1,702
Equity Income in Huckleberry	$ -	$626	$ -	$ -	$ -	$626
Net Income (Loss)	$6,944	$626	$(3,106)	$3,161	$(5,981)	$1,644
Capital Expenditures	$17,372	$ -	$70	$31,314	$193	$48,949
Equity Investment	$ -	$92,803	$ -	$ -	$ -	$92,803
Total Assets	$286,802	$92,803	$33,167	$977,478	$49,783	$1,440,033
Total Liabilities	$199,843	$ -	$4,300	$788,641	$68,578	$1,061,362

	Three Months Ended June 30, 2014					
	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$49,609	$ -	$1,422	$ -	$249	$51,280
Less inter-segment revenues	-	-	-	-	(214)	(214)
Revenues from external sources	$49,609	$ -	$1,422	$ -	$35	$51,066
Depletion and Depreciation	$4,787	$ -	$1,075	$ -	$264	$6,126
Finance (Costs) Income	$(1,667)	$ -	$(17)	$7,414	$231	$5,961
Equity Income in Huckleberry	$ -	$1,390	$ -	$ -	$ -	$1,390
Net Income (Loss)	$9,901	$1,390	$(980)	$7,210	$(2,308)	$15,213
Capital Expenditures	$25,504	$ -	$15	$116,096	$206	$141,821
Equity Investment	$ -	$92,214	$ -	$ -	$ -	$92,214
Total Assets	$293,352	$92,214	$32,792	$785,042	$28,463	$1,231,863
Total Liabilities	$150,292	$ -	$2,605	$612,285	$24,256	$789,438

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2015 and 2014

Unaudited – Prepared by Management

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

Six Months Ended June 30, 2015	Mount Polley	Huckleberry Note 5	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$(192)	$ -	$2,937	$ -	$777	$3,522
Less inter-segment revenues	-	-	-	-	(263)	(263)
Revenues from external sources	$(192)	$ -	$2,937	$ -	$514	$3,259
Depletion and Depreciation	$2,590	$ -	$243	$ -	$358	$3,191
Finance (Costs) Income	$(5,016)	$ -	$(63)	$(20,761)	$16	$(25,824)
Equity Income in Huckleberry	$ -	$33	$ -	$ -	$ -	$33
Net Income (Loss)	$(1,370)	$33	$(5,058)	$(20,043)	$(5,302)	$(31,740)
Capital Expenditures	$25,607	$ -	$97	$67,538	$378	$93,620
Equity Investment	$ -	$92,803	$ -	$ -	$ -	$92,803
Total Assets	$286,802	$92,803	$33,167	$977,478	$49,783	$1,440,033
Total Liabilities	$199,843	$ -	$4,300	$788,641	$68,578	$1,061,362

Six Months Ended June 30, 2014	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$99,016	$ -	$3,070	$ -	$777	$102,863
Less inter-segment revenues	-	-	-	-	(462)	(462)
Revenues from external sources	$99,016	$ -	$3,070	$ -	$315	$102,401
Depletion and Depreciation	$9,781	$ -	$2,288	$ -	$554	$12,623
Finance (Costs) Income	$(2,104)	$ -	$(34)	$6,229	$(149)	$3,942
Equity Income in Huckleberry	$ -	$82	$ -	$ -	$ -	$82
Net Income (Loss)	$21,954	$82	$(1,960)	$6,275	$(5,281)	$21,070
Capital Expenditures	$41,909	$ -	$50	$196,305	$403	$238,667
Equity Investment	$ -	$92,214	$ -	$ -	$ -	$92,214
Total Assets	$293,352	$92,214	$32,792	$785,042	$28,463	$1,231,863
Total Liabilities	$150,292	$ -	$2,605	$612,285	$24,256	$789,438

	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Revenue by geographic area				
Japan	$ -	$49,179	$ -	$72,636
United States	1,503	1,820	2,745	29,418
Canada	223	67	514	347
	$1,726	$51,066	$3,259	$102,401

Revenues are attributed to geographic area based on country of customer. In the six months ended June 30, 2015, the Company had one principal customer (June 30, 2014–three principal customers) accounting for 90% of revenues (June 30, 2014–50%, 26% and 21% of revenues). The Company is not reliant on any one customer to continue to operate as a going concern.

The Company's principal product is copper concentrate (contains copper, gold and silver) which is sold at prices quoted on the London Metals Exchange, however in the fourth quarter of 2014 and the first quarter of 2015 the principal product was gold dore from the Sterling mine.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

The Company sells all of its concentrate and gold production to third party smelters and traders. The Company's revenue from operations by major product and service are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Copper	$(52)	$34,737	$(172)	$66,458
Gold	1,555	15,729	2,915	34,443
Silver	-	533	2	1,153
Other	223	67	514	347
	$1,726	$51,066	$3,259	$102,401

Huckleberry sells copper concentrate to smelters owned by the Company's joint venture partners in Huckleberry (Note 5).

23. FINANCIAL INSTRUMENTS

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as marketable securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid 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 and other receivables and trade and other payables are assumed to approximate their fair values. Except for the Notes (Note 10(c)), management believes that the carrying value of remaining non-current debt approximates fair value. At June 30, 2015 the fair value of the Notes is $392,229 (December 31, 2014-$346,870) based on a quote received from dealers that trade the Notes. Although the interest rates and credit spreads have changed since the remainder of the non-current debt was issued the fixed rate portion of the non-current debt is not expected to be refinanced and therefore the carrying value is not materially different from fair value.

IFRS 13 – *Fair Value Measurement* requires disclosures about the inputs to fair value measurement, including their classifications within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities; and
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2015 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	$17,518	$ -	$17,518
Marketable securities	317	-	317
Provisionally priced receivables	-	4,473	4,473
Derivative instruments assets	-	17,047	17,047
Future site reclamation deposits	4,355	-	4,355
	22,190	21,520	43,710
Financial Liabilities			
Amounts owing on provisionally priced receivables	-	(1,369)	(1,369)
	$22,190	$20,151	$42,341

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

24. COMMITMENTS AND PLEDGES

(a) At June 30, 2015, the Company is committed to future minimum operating lease payments as follows:

2015	$342
2016	417
2017	217
	$976

(b) At June 30, 2015, the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets	$4,355
Mineral property, plant and equipment	1,370
Letters of credit (Note 10(a))	30,033
	$35,758

(c) At June 30, 2015, the Company had commitments to purchase plant and equipment for the Red Chris project at a cost of $2,036.

(d) The Company is obligated to increase its reclamation bond funding as follows:

2015	$3,065
2016	9,065
2017	5,500
2018	4,000
2019 and beyond	3,800
	$25,430

25. 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, none of these matters will have a material effect on the Company's condensed consolidated interim financial position or financial performance. At June 30, 2015 the Company has recorded a provision of $6,380 for future rehabilitation activities related to the Mount Polley mine tailings dam breach (Note 16).

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the "Claim"). The Company has engaged independent legal counsel to advise it on this matter and intends to vigorously defend the Claim. At this time the Company cannot predict the outcome of the claim or determine the amount of any potential losses and accordingly, no provision has been made as of June 30, 2015

26. SUBSEQUENT EVENTS

Subsequent to June 30, 2015 the Company:

(a) Filed a rights offering circular with regulatory authorities which provided more detail for three financings aggregating $80,000 in gross proceeds.

   (i) A rights offering to be made only to holders of common shares by the issue of the rights entitling them to subscribe for 5,500,797 common shares of the Company to raise gross proceeds of approximately $44,006. Overallotment subscription privileges will be extended to all shareholders. N. Murray Edwards, a significant shareholder of the Company, has advised that he intends to exercise all of his rights and cause all of his affiliates to do so, and Fairholme Capital Management, LLC, a significant shareholder of the Company, has advised that it intends to exercise not less than 13,667,809 of the rights to be received by certain funds or accounts over which it exercises discretionary management authority. N. Murray Edwards and The Fairholme Partnership, LP, an affiliate of Fairholme Capital Management, LLC, have committed to purchase all of the common shares which remain unsubscribed under the rights offering.

   (ii) A private placement of 714,286 common shares for $6,000 at $8.40 per common share. This private placement closed on August 11, 2015 with N. Murray Edwards purchasing $3,500 and The Fairholme Partnership, LP purchasing $2,500, respectively.

   (iii) A non-brokered private placement of convertible debentures to raise gross proceeds of $30,000. The terms and conditions of these convertible debentures will be similar to the convertible debentures issued in 2014. Subject to adjustment in the context of the market with requisite regulatory approvals, each $12.00 of the principal amount is convertible into one common share of the Company. Interest at 6% per annum will be payable semi-annually, with the first payment due on June 30, 2016. Up to 2,500,000 common shares are expected to be issued if all the convertible debentures issued pursuant to the Convertible Debenture Private Placement were converted into common shares of the Company. N. Murray Edwards and The Fairholme Partnership, LP have advised that they intend to purchase $15,000 and $7,500 of the convertible debentures, respectively, and that they intend to purchase any unsold convertible debentures.

(b) Issued 555,677 common shares of the Company (Note 10(e)) in payment of interest expense of $5,690 due on June 30, 2015.

(c) Restarted operations at the Mount Polley mine pursuant to a modified operating plan allowing for a maximum of 4.0 million tonnes of ore to be processed over a one year period (approximately 50% of capacity of the processing plant).

[this page intentionally left blank]

`

Imperial Metals Corporation

200-580 Hornby Street
Vancouver, BC V6C 3B6

604.669.8959 general inquiries
inquiries@imperialmetals.com

604.488.2657 investor inquiries
investor@imperialmetals.com

www.imperialmetals.com

TSX:III

DIRECTORS

Pierre Lebel | Chairman
Brian Kynoch
Larry Moeller
Ted Muraro
Laurie Pare
Ed Yurkowski

MANAGEMENT

Brian Kynoch | President
Andre Deepwell | Chief Financial Officer & Corporate Secretary
Don Parsons | Chief Operating Officer
C.D. ('Lyn) Anglin | Chief Scientific Officer
Steve Robertson | Vice President Corporate Affairs
Gordon Keevil | Vice President Corporate Development
Sophie Hsia | General Counsel

AUDITORS

Deloitte LLP

BANKERS

Bank of Montreal

LEGAL COUNSEL

DuMoulin Black LLP

TRANSFER AGENT

Computershare Investor Services Inc.