

### Imperial Reports 2017 Financial Results

Vancouver | **March 28, 2018** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for its fiscal year ended December 31, 2017. Revenues increased to \$453.1 million in 2017 compared to \$428.2 million in 2016, an increase of \$24.9 million or 5.8%. Revenue from the Red Chris mine in 2017 was \$289.1 million compared to \$295.3 million in 2016. Revenue from the Mount Polley mine in 2017 was \$163.5 million compared to \$131.5 million in 2016. There were 15.0 concentrate shipments in 2017 from the Red Chris mine (2016-17.0 concentrate shipments) and 4.7 concentrate shipments from the Mount Polley mine in 2017 (2016-5 concentrate shipments). Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

Revenue in 2017 was increased by a \$15.2 million positive revenue revaluation compared to a positive revenue revaluation of \$4.4 million in 2016. Positive revenue revaluations are the result of the commodity prices on the settlement date and/or the current period balance sheet date being higher than when the revenue was initially recorded or the commodity prices at the last balance sheet date and vice versa for negative revenue revaluations.

<b>Select Annual Financial Information</b> expressed in thousands, except share and per share amounts	Years Ended December 31		
	2017	2016	2015
Total revenues	\$453,113	\$428,218	\$128,701
Net income (loss)	\$77,113	\$(54,080)	\$(96,961)
Net income (loss) per share	\$0.82	\$(0.66)	\$(1.25)
Diluted income (loss) per share	\$0.82	\$(0.66)	\$(1.25)
Adjusted net loss <sup>(1)</sup>	\$(62,626)	\$(56,784)	\$(50,254)
Adjusted net loss per share <sup>(1)</sup>	\$(0.66)	\$(0.69)	\$(0.65)
Adjusted EBITDA <sup>(1)</sup>	\$88,457	\$106,624	\$3,370
Working capital deficiency <sup>(2)</sup>	\$238,269	\$89,108	\$197,952
Total assets	\$1,723,768	\$1,527,778	\$1,479,352
Total debt (including current portion)	\$852,378	\$835,365	\$914,461
Cash flow <sup>(1)(3)</sup>	\$88,381	\$107,591	\$14,135
Cash flow per share <sup>(1)(3)</sup>	\$0.94	\$1.32	\$0.18

(1) Refer to *Non-IFRS Financial Measures* in the Management’s Discussion and Analysis for further details. The 2015 amounts have been revised to conform with the presentation adopted in 2016.

(2) Defined as current assets less current liabilities. The 2017 amount includes \$201,562 related to the senior credit facility and the second lien credit facility that was classified as current at December 31, 2017. The 2015 amount includes \$166,072 related to the senior credit facility that was classified as current at December 31, 2015 prior to the renewal of the facility.

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

<b>Select Items Affecting Net Income (Loss)</b> (presented on an after-tax basis) expressed in thousands	Years Ended December 31	
	2017	2016
Net income before undernoted items	\$(6,182)	\$6,540
Interest expense	(55,887)	(51,979)
Foreign exchange gain on non-current debt, net of gains on cross currency swaps	29,280	10,004
Impairment of mineral properties	-	(7,300)
Gain on bargain purchase of Huckleberry and revaluation of equity investment in Huckleberry	109,818	-
Gain on sale of Sterling	641	-
Share of loss in Huckleberry	(557)	(11,345)
<b>Net Income (Loss)</b>	<b>\$77,113</b>	<b>\$(54,080)</b>

Net income for 2017 was \$77.1 million (\$0.82 per share) compared to net loss of \$54.1 million (\$0.66 per share) in 2016. The majority of increase in net income of \$131.2 million was primarily due to the following factors:

- Income from mine operations went from income of \$27.9 million in 2016 to \$19.5 million in 2017, a decrease in net income of \$8.4 million.
- Interest expense increased from \$70.2 million in 2016 to \$75.5 million in 2017, a decrease to net income of \$5.3 million.
- Foreign exchange gain on current and non-current debt went from a gain of \$14.6 million in 2016 to a gain of \$30.2 million in 2017, an increase in net income of \$15.6 million.
- Loss on derivative instruments went from a loss of \$4.5 million in 2016 to \$nil in 2017, an increase in net income of \$4.5 million.
- Impairment on mineral properties went from \$7.3 million in 2016 to \$nil million in 2017, an increase in net income of \$7.3 million.
- A gain on bargain purchase of Huckleberry and revaluation of equity investment in Huckleberry of \$109.8 million in 2017 compared to \$nil in 2016, an increase in net income of \$109.8 million.
- The Company's equity loss in Huckleberry went from loss of \$11.3 million in 2016 to a loss of \$0.6 million in 2017, an increase in net income of \$10.7 million.
- Rehabilitation costs of \$5.8 million in 2017 compared to \$nil in 2016, a decrease in net income of \$5.8 million.
- An income and mining tax recovery of \$10.6 million in 2017 compared to a recovery of \$3.2 million in 2016, an increase in net income of \$7.4 million.

The 2017 net income included foreign exchange gain related to changes in CDN\$/US\$ exchange rate of \$30.4 million compared to foreign exchange gain of \$13.6 million in 2016. The \$30.4 million foreign exchange gain in 2017 is comprised of a \$29.3 million gain on the senior notes, a \$0.9 million gain on short term loans, and a \$0.2 million gain on operational items. The average CDN\$/US\$ exchange rate in the 2017 was 1.298 compared to an average of 1.326 in 2016.

Cash flow was \$88.4 million in 2017 compared to cash flow of \$107.6 million in 2016. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS. 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 were \$92.9 million in 2017, down from \$150.5 million in 2016. The 2017 expenditures included \$45.4 million for equipment and components, \$31.6 million for tailings dam construction, \$6.8 million relating to non-cash consideration received by the Company in the Sterling gold mine sale in the form of a Net Smelter Royalty ("NSR") and Net Operating Profit ("NOP") which have been included in mineral properties, \$3.5 million relating to environmental capital expenditures and \$5.6 million for other capital.

At December 31, 2017 the Company had \$51.9 million in cash (December 31, 2016-\$14.3 million). The Company has classified \$213.9 million of its non-current debt as current at December 31, 2017 (December 31, 2016-\$18.7 million).

## **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.

### **Adjusted Net Loss and Adjusted Net Loss per Share**

Adjusted net loss in 2017 was \$62.6 million (\$0.66 per share) compared to an adjusted net loss of \$56.8 million (\$0.69 per share) in 2016. 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 loss, resulting from acquisition and disposal of property, mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax.

### **Adjusted EBITDA**

Adjusted EBITDA in 2017 was \$88.5 million compared to \$106.6 million in 2016. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depletion and depreciation, and as adjusted for certain other items.

## Cash Flow and Cash Flow Per Share

Cash flow in 2017 was \$88.4 million compared to \$107.6 million in 2016. Cash flow per share was \$0.94 in 2017 compared to \$1.32 in 2016. 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.

## Cash Cost Per Pound of Copper Produced

The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper producing mines, Red Chris, Mount Polley and Huckleberry, and on a composite basis for these mines. Management uses this non-IFRS financial measure to monitor operating costs and profitability.

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

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### Calculation of Cash Cost Per Pound of Copper Produced

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

	Year Ended December 31, 2017				
	Huckleberry		Red	Mount	Composite
	100%	50%	Chris	Polley	
Cash cost of copper produced in US\$	\$ -	\$ -	\$143,891	\$44,183	\$188,073
<i>Copper produced – pounds</i>	-	-	74,636	19,071	93,707
Cash cost per lb copper produced in US\$	-	-	\$1.93	\$2.32	\$2.01
	Year Ended December 31, 2016				
	Huckleberry		Red	Mount	Composite
	100%	50%	Chris	Polley	
Cash cost of copper produced in US\$	\$41,765	\$20,881	\$114,166	\$46,306	\$181,353
<i>Copper produced – pounds</i>	20,438	10,219	83,614	25,338	119,171
Cash cost per lb copper produced in US\$	\$2.04	\$2.04	\$1.37	\$1.83	\$1.52

## DEVELOPMENTS DURING 2017

### Red Chris Mine

The Red Chris mill achieved 95% of design capacity averaging 28,433 tonnes per calendar day in 2017. Fourth quarter production totaled 23.23 million pounds copper and 13,020 ounces gold, compared to 19.65 million pounds copper and 8,426 ounces gold in the 2017 third quarter, an increase of 18% and 55% respectively. Copper and gold grades were higher in the fourth quarter and averaged 0.52% copper and 0.324 g/t gold, with the higher grades delivered to the mill from the lower benches in the Main zone pit. Metal recoveries also increased to 81.03% for copper and 49.99% for gold. The average copper recovery for the fourth quarter sets a new record high for Red Chris, and the gold recovery is a record high for a quarter during which only Main Zone ores were treated.

There was significant rise in gold production between the 2017 first and fourth quarters from 5,811 to 13,020 ounces, as a result of the gold grade increasing from 0.201 g/t to 0.324 g/t, and gold recovery increasing from 37.43% to 49.99%. Quarterly copper production during the year increased approximately 42% from the first quarter to year end as a result of better grade and recovery.

The 2018 production target for Red Chris is 72-77 million pounds copper and 31-33 thousand ounces gold.

Exploration, development and capital expenditures were \$57.8 million in 2017 compared to \$123.1 million in 2016.

## **Mount Polley Mine**

Fourth quarter production totaled 4.02 million pounds copper and 10,252 ounces gold, a slight increase compared to 3.98 million pounds copper and 9,989 ounces gold in the 2017 third quarter. Ore release from the Cariboo pit was slower than planned at the beginning of the year as the forest fires in the Cariboo region affected mining operations this summer. The reduction in mill feed available from the Cariboo pit resulted in a higher percentage of mill feed coming from stockpiles in the fourth quarter.

Mining in 2017 was mainly in the Cariboo pit, and was supplemented at times from low grade stockpiles. The forest fires in the region impacted both mining and milling operations. Copper production in 2017 was down about 25% from that achieved in 2016 with lower head grades and recovery, while gold production was up slightly on higher grades.

The 2018 production target for Mount Polley is 17-19 million pounds copper and 44-47 thousand ounces gold.

Exploration, development, and capital expenditures were \$27.0 million in 2017 compared to \$26.7 million in 2016.

## **Huckleberry Mine**

On April 28, 2017 the Company became the sole owner of Huckleberry by virtue of Huckleberry exercising its right of first refusal to purchase for cancellation all the shares of Huckleberry held by a syndicate of Japanese companies in exchange for cash consideration of \$2.0 million. Huckleberry became a wholly-owned subsidiary of the Company on that date. The company recognized a gain of \$109.8 million on the acquisition.

## **Sterling Mine**

On May 30, 2017 the Company completed the sale of the Sterling gold mine property and related assets for consideration comprised of cash, marketable securities, net smelter royalties, and a net profits interest in certain mine operations. The Company recognized a gain of \$0.6 million on the transaction.

## **FOURTH QUARTER RESULTS**

Revenue in the fourth quarter of 2017 was \$140.5 million compared to \$78.1 million in 2016. Sales revenue is recorded when title for concentrate is transferred on ship loading. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The Company recorded a net income of \$33.9 million (\$0.36 per share) in the fourth quarter of 2017 compared to net loss of \$47.1 million (\$0.57 per share) in the prior year quarter. There was also an additional \$35.0 million of the net income in the fourth quarter of 2017 related to the finalization of the gain on bargain purchase of Huckleberry and revaluation of equity investment in Huckleberry.

Expenditures for exploration and ongoing capital projects at Mount Polley, Red Chris and Huckleberry totaled \$17.3 million during the three months ended December 31, 2017 compared to the expenditures for exploration and ongoing capital projects at Mount Polley, Red Chris and Sterling which totaled \$88.3 million in the 2016 comparative quarter. The fourth quarter of 2016 included \$57.2 million for the Company's share of construction of the Northwest Transmission Line that it was obligated to reimburse to BC Hydro.

## **OUTLOOK**

### **Operations, Earnings and Cash Flow**

The 2017 annual base and precious metals production from Red Chris and Mount Polley mines was 93.7 million pounds copper and 81.4 thousand ounces gold. Metal production targets for 2018 are 89-96 million pounds copper and 75-80 thousand ounces gold. At December 31, 2017 the Company had not hedged any copper, gold or CDN\$/US\$ exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the CDN\$/US\$ exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

### **Exploration**

Imperial has interests in various other early stage exploration properties, and sufficient work will be conducted to keep these properties in good standing.

### **Development**

At the Red Chris mine, additional mining equipment, including five 150 ton haul trucks from the Huckleberry mine and a new electric powered hydraulic excavator, are being mobilized to increase the mining rate. The haul trucks have arrived at site, and the excavator is expected to arrive during the second quarter of 2018. The increase in the mining rate to about 130,000 tonnes per day will provide for quicker access to the deeper higher grade portions of the Main and East zones.

Looking to the future at the Red Chris mine, preliminary engineering studies have been conducted to determine the optimum method to mine the deep resource below the current designed pits. Based on this work, it appears that the best method will

be a block cave mining of the deep resource beneath both the East and Main pits. A drill program is being developed that will provide information required to further advance the block cave studies.

At the Mount Polley mine, construction of a pipeline from the water treatment plant to the Quesnel Lake diffuser system was completed at the end of November 2017. The treated water from the treatment plant will no longer be discharged into Hazeltine Creek. On January 8, 2018, treated water began being discharged via the newly installed pipeline deep into Quesnel Lake. The Mount Polley site has a positive water balance, and now has means of discharging excess site water.

Dredging of tailings in the Springer pit (deposited in the pit in 2015-2016 to allow for restart of milling operations prior to repair of the tailings storage facility) recently commenced. Once mining operations in the Cariboo pit are completed in mid-2018, Mount Polley will rely on low grade stockpiles to provide mill feed, until the dredging of the Springer pit is completed. Dredging of the Springer pit is targeted to be complete around the end of the year.

During the second half of 2018, while low-grade stockpiles are providing mill feed, mining operations are to be cut back to minimal levels. When the dredging is complete, providing access to the bottom of the Springer pit, a return of mining operations to normal levels is planned. At that point, the Springer pit will begin supplying mill feed to the concentrator.

South Springer is another area with potential to significantly increase the mineral resource. The mineralization is under the saddle separating the Cariboo and Springer Phase 6 pits, which presents an ideal location for additional low stripping ratio reserves, assuming planned drilling is positive. With the configuration of the Cariboo pit providing an excellent platform to conduct an exploration drilling, follow up on the 2012 drilling is planned with a small exploration program to commence during the second half of 2018.

At Huckleberry, a preliminary plan to reopen the mine has been developed and is under consideration for implementation in 2019 if the copper price continues to strengthen in 2018.

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For detailed financial information, refer to the Company's 2017 Annual Report available on [imperialmetals.com](http://imperialmetals.com) and [sedar.com](http://sedar.com).

#### **An Earnings Announcement Conference Call**

is scheduled for Thursday, March 29, 2018 at 10:00am PDT | 1:00pm EDT

Management will discuss the Company's 2017 Financial Results. To participate in the earnings announcement conference call dial 1.833.231.8250 (North America-toll free)

A recording of the conference call will be available for playback until 11:59pm on April 10, 2018 by calling 855.859.2056 (North America-toll free) playback code 6767849

#### **About Imperial**

Imperial is a Vancouver exploration, mine development and operating company. The Company, through its subsidiaries, owns the Red Chris, Mount Polley and Huckleberry copper mines in British Columbia. Imperial also holds a 50% interest in the Ruddock Creek lead/zinc property.

#### **Company Contacts**

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#### **Forward-Looking Information and Risks Notice**

The information in this news release provides a summary review of the Company's operations and financial position as at and for the year ended December 31, 2017, and has been prepared based on information available as at March 28, 2018.

Except for statements of historical fact relating to the Company, 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 news release includes, without limitation, statements regarding: use of proceeds from financings and credit; expectations for cash savings arising from the payment of interest due on certain debt facilities in common shares; the 2018 production targets for the Red Chris and Mount Polley mines; expectations that Red Chris will receive its new electric powered hydraulic excavator during the second quarter of 2018 and that the addition of the new excavator and the receipt of the five 150 ton haul trucks will support an increase of the mining rate to about 130,000 tonnes per day and provide quicker access to the deeper higher grade portions of the Main and East zones; results of preliminary engineering studies indicating that



block caving may be the best method to develop Red Chris' deep resource below the current designed pit and the drill program currently under development will provide information required to further advance the block cave studies; the reduction of mining operations at Mount Polley to minimal levels during the second half of 2018; reliance on low grade stockpiles to provide mill feed for Mount Polley until the dredging of the Springer pit is completed (targeted for the end of the year), following which mining operations are expected to return to normal levels with Springer pit supplying mill feed to the concentrator; plans for a small exploration program at Mount Polley to commence during the second half of 2018; expectations that South Springer has the potential to significantly increase the Mount Polley mineral resource, assuming planned drilling is positive; the development of a preliminary plan to reopen Huckleberry mine in 2019 subject to further strengthening of the price of copper; mine plans; costs and timing of current and proposed exploration and development; production and marketing; capital expenditures; adequacy of funds for projects and liabilities; the receipt of necessary regulatory permits, approvals or other consents; outcome and impact of litigation; cash flow; working capital requirements; the requirement for additional capital; 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 the Company operates, including, but not limited to, assumptions that: the Company will be able to advance and complete remaining planned rehabilitation activities within expected timeframes; there will be no significant delay or other material impact on the expected timeframes or costs for completion of rehabilitation of the Mount Polley mine and implementation of Mount Polley's long term water management plan; the Company's initial rehabilitation activities at Mount Polley will be successful in the long term; all required permits, approvals and arrangements to proceed with planned rehabilitation and Mount Polley's long term water management plan will be obtained in a timely manner; there will be no material operational delays at the Red Chris or Mount Polley mines; Huckleberry mine will restart in 2019; equipment will operate as expected; there will not be significant power outages; the Company's use of derivative instruments from time to time will enable the Company to achieve expected pricing protection; there will be no material adverse change in the market price of commodities and exchange rates; the Red Chris and Mount Polley mines will achieve expected production outcomes (including with respect to mined grades and mill recoveries and access to water as needed); and Imperial will have access to capital as required and satisfy financial covenants contained in its credit facilities and other loan documents. 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; that Imperial may be unable to satisfy financial covenants contained in its credit facilities and other loan documents; uncertainty regarding the outcome of sample testing and analysis being conducted on the area affected by the Mount Polley Breach; risks relating to the timely receipt of necessary approvals and consents to proceed with the rehabilitation plan and Mount Polley's long term water management plan; risks relating to the remaining costs and liabilities and any unforeseen longer-term environmental consequences arising from the Mount Polley Breach; uncertainty as to actual timing of completion of rehabilitation activities and the implementation of Mount Polley's long term water management plan; risks relating to the impact of the Mount Polley Breach on Imperial's reputation; that Huckleberry mine will not restart in 2019; the quantum of claims, fines and penalties that may become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risks of protesting activity and other civil disobedience restricting access to the Company's properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest, power outages, and natural phenomena such as weather conditions and water shortages negatively impacting the operation of the Red Chris mine or the Mount Polley 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, 2017 and other public filings which are available on Imperial's profile at *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.