

Imperial Reports First Quarter 2018 Financial Results

Vancouver | **May 10, 2018** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for the three months ended March 31, 2018 and 2017, as summarized in this release and discussed in detail in the Management’s Discussion & Analysis. The Company’s financial results are prepared in accordance with International Financial Reporting Standards. The reporting currency of the Company is the Canadian (“CDN”) Dollar.

Select Quarter Financial Information

expressed in thousands, except share and per share amounts

	Three Months Ended March 31	
	2018	2017
Total revenues	\$117,912	\$115,749
Net loss	\$16,166	\$18,752
Net loss per share	\$0.14	\$0.20
Diluted loss per share	\$0.14	\$0.20
Adjusted net loss ⁽¹⁾	\$4,754	\$22,296
Adjusted net loss per share ⁽¹⁾	\$0.04	\$0.24
Adjusted EBITDA ⁽¹⁾	\$36,392	\$15,187
Working capital deficiency	\$743,096	\$214,646
Total assets	\$1,662,528	\$1,511,120
Total debt (including current portion)	\$829,698	\$846,067
Cash flow ⁽¹⁾⁽²⁾	\$35,958	\$15,065
Cash flow per share ⁽¹⁾⁽²⁾	\$0.31	\$0.16

(1) Refer to Management’s Discussion & Analysis heading *Non-IFRS Financial Measures* for further details.

(2) *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 period.

Revenues increased to \$117.9 million in the March 2018 quarter compared to \$115.7 million in the 2017 comparative quarter, an increase of \$2.2 million or 1.9%.

Revenue from the Red Chris mine in the March 2018 quarter was \$81.9 million compared to \$54.6 million in the 2017 comparative quarter. This increase was attributable to a higher quantity of copper concentrate sold along with higher copper prices compared to the 2017 quarter.

Revenue from the Mount Polley mine in the March 2018 quarter was \$36.0 million compared to \$61.0 million in the 2017 comparative quarter. The decrease was attributable to a lower quantity of copper concentrate sold.

In the March 2018 quarter, there were 4.0 concentrate shipments from Red Chris mine (2017-3.0 concentrate shipments) and 1.0 concentrate shipment from Mount Polley mine (2017-1.7 concentrate shipments). Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The London Metals Exchange cash settlement copper price per pound averaged US\$3.16 in the March 2018 quarter compared to US\$2.65 in the 2017 comparative quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US\$1,329 in the March 2018 quarter compared to US\$1,219 in the March 2017 quarter. The average CDN/US\$ Dollar exchange rate was 1.265 in the March 2018 quarter, 4.38% lower than the exchange rate of 1.323 in the March 2017 quarter. In CDN dollar terms the average copper price in the March 2018 quarter was CDN\$4.00 per pound compared to CDN\$3.51 per pound in the 2017 comparative quarter and the average gold price in the March 2018 quarter was CDN\$1,681 per ounce compared to CDN\$1,613 per ounce in the 2017 comparative quarter.

Revenue in the March 2018 quarter decreased by \$5.6 million negative revenue revaluation compared to a \$5.1 million positive revenue revaluation in the 2017 comparative quarter. Revenue revaluations are the result of the copper price on the settlement date and/or the current period balance sheet date being higher or lower than when the revenue was initially recorded or the copper price at the last balance sheet date.

Net loss for the March 2018 quarter was \$16.2 million (\$0.14 per share) compared to net loss of \$18.8 million (\$0.20 per share) in the 2017 comparative quarter. The decrease in net loss of \$2.6 million was primarily due to the following factors:

- Income/loss from mine operations went from a loss of \$5.7 million in March 2017 to income of \$17.6 million in March 2018, a decrease in net loss of \$23.3 million.
- Interest expense went from \$18.2 million in March 2017 to \$19.0 million in March 2018, an increase in net loss of \$0.8 million.
- Foreign exchange gains/losses on current and non-current debt went from a gain of \$3.4 million in March 2017 to a loss of \$11.4 million in March 2018, an increase in net loss of \$14.8 million.
- The Company's equity loss in Huckleberry went from loss of \$1.6 million in March 2017 to \$nil in March 2018, a decrease in net loss of \$1.6 million.
- Idle mine costs went from \$nil in March 2017 to \$1.4 million in March 2018, an increase in net loss of \$1.4 million.
- Tax position went from a recovery of \$5.0 million in March 2017 to \$nil in March 2018, an increase in net loss of \$5.0 million.

The March 2018 quarter net loss included foreign exchange loss related to changes in CDN/US Dollar exchange rate of \$11.8 million compared to foreign exchange gain of \$3.1 million in the 2017 comparative quarter. The \$11.8 million foreign exchange loss is comprised of an \$11.3 million loss on the senior notes, a \$0.1 million loss on long term equipment loans, and a \$0.4 million loss on operational items. The average CDN/US Dollar exchange rate in the March 2018 quarter was 1.265 compared to an average of 1.323 in the 2017 comparative quarter.

Cash flow was \$36.0 million in the March 2018 quarter compared to cash flow of \$15.1 million in the 2017 comparative quarter. 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 \$9.1 million in the March 2018 quarter, down from \$24.0 million in the 2017 comparative quarter. The March 2018 expenditures included \$1.8 million for tailings dam construction, \$5.0 million on mobile equipment and \$2.3 million for other capital items. The 2017 quarter included \$7.2 million of mobile equipment purchases as well as higher costs for tailings dam construction and other capital items.

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 Loss and Adjusted Net Loss Per Share

Adjusted net loss in the March 2018 quarter was \$4.8 million (\$0.04 per share) compared to an adjusted net loss of \$22.3 million (\$0.24 per share) in the 2017 comparative quarter. Adjusted net loss reflects the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net loss is calculated by removing the gains or losses, resulting from mark to market revaluation of derivative instruments, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax and other adjustments.

Adjusted EBITDA

Adjusted EBITDA in the March 2018 quarter was \$36.4 million compared to \$15.2 million in the 2017 comparative quarter. 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 the March 2018 quarter was \$36.0 million compared to \$15.1 million in the 2017 comparative quarter. Cash flow per share was \$0.31 in the March 2018 quarter compared to \$0.16 in the 2017 comparative quarter.

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 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 three copper mines, Red Chris, Mount Polley and Huckleberry, and on a composite basis for these mines.

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

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 the Huckleberry mine was not in operation have been excluded from the cash cost per pound of copper produced.

expressed in thousands, except cash cost per pound of copper

	Three Months Ended March 31, 2018		
	Red Chris	Mount Polley	Composite
Cash cost of copper produced in US\$	\$34,260	\$7,463	\$41,723
<i>Copper produced – pounds</i>	19,725	5,372	25,097
Cash cost per lb copper produced in US\$	\$1.74	\$1.39	\$1.66

	Three Months Ended March 31, 2017		
	Red Chris	Mount Polley	Composite
Cash cost of copper produced in US\$	\$39,695	\$10,852	\$50,547
<i>Copper produced – pounds</i>	16,328	5,461	21,789
Cash cost per lb copper produced in US\$	\$2.43	\$1.99	\$2.32

OPERATIONS

Metal production target ranges from Red Chris mine and Mount Polley mine for 2018 are 89-96 million pounds copper and 75-80 thousand ounces gold. At March 31, 2018, the Company has not hedged any copper, gold or CDN/US Dollar exchange. 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.

Red Chris Mine

Metal production for the March 2018 quarter was 19.7 million pounds copper and 12,215 ounces gold, up 21% and 110% respectively from the 2017 comparative quarter.

Copper recoveries were lower for the March 2018 quarter than the last quarter of 2017, as more high clay ore was found in the mineralized fault in the lower benches of the phase 3 pushback. Diagnostic and modelling work is underway to identify the extent of this zone, and whether special processing of these high clay zones may yield better recovery. The gold recovery improved significantly (about 26%) on higher gold grade.

Five haul trucks from the Huckleberry mine are now in operation at Red Chris, and a new electric shovel is expected to arrive on site by mid-year. This equipment will enable an increased mining rate, and access to deeper higher grade ore.

Mining in the phase 3 pushback in the Main zone pit was completed. Mill feed for the remainder of 2018 will come from the phase 4 pushback of the Main zone.

<i>Red Chris Production</i>	Three Months Ended March 31	
	2018	2017
Ore milled - tonnes	2,590,490	2,403,501
Ore milled per calendar day - tonnes	28,783	26,706
Grade % - copper	0.447	0.388
Grade g/t - gold	0.310	0.201
Recovery % - copper	77.22	79.49
Recovery % - gold	47.37	37.43
Copper – 000's pounds	19,725	16,328
Gold – ounces	12,215	5,811
Silver – ounces	34,881	27,952

Exploration, development and capital expenditures were \$4.9 million in the March 2018 quarter compared to \$11.0 million in the comparative 2017 quarter.

Mount Polley Mine

Metal production for the March 2018 quarter was 5.4 million pounds copper and 12,280 ounces gold, down 1.6% and 11% respectively from the 2017 comparative quarter.

Compared to the 2017 fourth quarter, metal recoveries in the March 2018 quarter increased, with copper recovery at 75.67% compared to 56.77% and gold recovery at 73.75% compared to 62.47%. Throughput in the March 2018 quarter was 17,917 tonnes per day compared to 19,635 tonnes per day in 2017 fourth quarter. The decrease was the result of milling a greater proportion of harder but less oxidized ore from the lower benches of the Cariboo pit. Dredging of tailings from the Springer pit began this quarter.

<i>Mount Polley Production</i>	Three Months Ended March 31	
	2018	2017
Ore milled - tonnes	1,612,486	1,692,762
Ore milled per calendar day - tonnes	17,917	18,808
Grade % - copper	0.200	0.205
Grade g/t - gold	0.321	0.355
Recovery % - copper	75.67	71.29
Recovery % - gold	73.75	71.55
Copper – 000's pounds	5,372	5,461
Gold – ounces	12,280	13,811
Silver – ounces	8,965	10,877

Exploration, development and capital expenditures were \$4.2 million in the March 2018 quarter compared to 13.0 million in the comparative 2017 quarter.

The collective agreement with the unionized workforce at the Mount Polley mine expired on December 31, 2017. Since late 2017 the Company has been in the process of negotiating a new contract. On May 7, 2018 the Company served the Union with 72 hour lockout notice. After expiry of the 72 hour period, the Company will have the legal right to lockout the employees at a date and time of the Company's choosing.

Refer to Imperial's 2018 First Quarter Report on imperialmetals.com and sedar.com for detailed information.

An Earnings Announcement Conference Call

is scheduled for Friday, May 11, 2018 at 10:00am PDT | 1:00pm EDT

Management will discuss the Company's First Quarter 2018 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 8:59pm on May 21, 2018 by calling 1.855.859.2056 (North America-toll free) playback code 9188769

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.

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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 period ended March 31, 2018, and plans for the future based on facts and circumstances as of May 10, 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: the necessity to extend or

refinance the Senior Credit Facility and the Second Lien Credit Facility prior to their maturity in the fourth quarter of 2018 and the Senior Unsecured Notes in the first quarter of 2019; metal production target ranges from Red Chris and Mount Polley for 2018; ongoing diagnostic and modelling work to identify the extent of high clay ore at Red Chris and determine whether special processing of these high clay zones may yield better recovery; a new electric shovel anticipated to arrive on site by mid-year which is expected to increase the mining rate and access to deeper higher grade ore at Red Chris; expectations that mill feed for the remainder of 2018 will come from the phase 4 pushback of the Red Chris Main zone; the use of proceeds from financings and credit; production and marketing; capital expenditures; the adequacy of funds for projects and liabilities; the receipt of necessary regulatory approvals or other consents; the expected 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 successfully extend or refinance the Senior Credit Facility, the Second Lien Credit Facility and the Senior Unsecured Notes prior to their maturity dates and adequate additional financing will be available on terms acceptable to the Company; the Company will have access to capital as required and satisfy and/or obtain amendments of financial covenants and/or terms contained in its credit facilities and other loan documents; the high clay ore encountered in the mineralized fault in the lower benches of the phase 3 pushback at Red Chris is limited and special processing of these zones may yield better recovery; expectations that Mount Polley mine will reach a new contract with the unionized workforce; 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, project-related permits and approvals will be obtained in a timely manner; there will be no material operational delays at the Company's mines; equipment will operate as expected; there will not be significant power outages; there will be no material adverse change in the market price of commodities and exchange rates; and the Company's mines will achieve expected production outcomes (including with respect to mined grades and mill recoveries). 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 the Company may not be able to successfully extend or refinance the Senior Credit Facility, the Second Lien Credit Facility and the Senior Unsecured Notes prior to their maturity dates and adequate additional financing may not be available on terms acceptable to the Company or at all; that the Company may be unable to satisfy and/or obtain amendments of financial covenants or terms contained in its credit facilities and other loan documents; that the Red Chris mine may encounter unexpectedly extensive high clay ore and is unable to achieve better recovery through special processing of such ore; risks relating to the timely receipt of necessary, project-related approvals and consents; 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; risks relating to the impact of the Mount Polley Breach on Imperial's reputation; 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 strike, unrest or lockout, power outages or shortages, and natural phenomena negatively impacting the operation or maintenance of the Company's mines; changes in commodity and power prices; changes in market demand for the Company's 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 Management's Discussion and Analysis for the three months ended March 31, 2018 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.