
Imperial Reports First Quarter 2022 Financial Results

Vancouver | **May 6, 2022** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for the three months ended March 31, 2022, as summarized in this news 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.

QUARTER HIGHLIGHTS

FINANCIAL

Total revenue was \$33.1 million in the March 2022 quarter compared to \$33.1 million in the 2021 comparative quarter.

In the March 2022 quarter, the Red Chris mine (100% basis) had 3.0 concentrate shipments (2021-3.7 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\$4.53 in the March 2022 quarter compared to US\$3.85 in the 2021 comparative quarter. LBMA cash settlement gold price per troy ounce averaged US\$1,874 in the March 2022 quarter compared to US\$1,798 in the 2021 comparative quarter. The average US/CDN Dollar exchange rate was 1.266 in the March 2022 quarter, 0.0% lower than the exchange rate of 1.267 in the March 2021 quarter. In CDN Dollar terms the average copper price in the March 2022 quarter was CDN\$5.73 per pound compared to CDN\$4.88 per pound in the 2021 comparative quarter, and the average gold price in the March 2022 quarter was CDN\$2,373 per ounce compared to CDN\$2,277 per ounce in the 2021 comparative quarter.

A positive revenue revaluation in the March 2022 quarter was \$1.2 million as compared to a \$2.4 million of positive revenue revaluation in the 2021 comparative quarter. Revenue revaluations are the result of the metal price on the settlement date and/or the current period balance sheet date being higher or lower than when the revenue was initially recorded or the metal price at the last balance sheet date and finalization of contained metal as a result of final assays.

Net loss for the March 2022 quarter was \$6.9 million (\$0.05 per share) compared to net loss of \$2.5 million (\$0.02 per share) in the 2021 comparative quarter. The increase in net loss of \$4.4 million was primarily due to the following factors:

- Mine operations went from a loss of \$1.9 million in March 2021 to an income of \$2.0 million in March 2022, decreasing net loss by \$3.9million.
- Mount Polley restart costs went from \$nil in March 2021 to \$22.4 million in March 2022, increasing net loss by \$22.4 million.
- Gain on disposal of mineral properties went from \$nil in March 2021 to \$16.2 million in March 2022, decreasing net loss by \$16.2 million.
- Tax recovery went from \$6.8 million in March 2021 to \$1.5 million in March 2022, increasing net loss by \$5.3 million.

Capital expenditures including leases were \$31.7 million in the March 2022 quarter, an increase from \$16.8 million in the 2021 comparative quarter. The March 2022 quarter expenditures included \$8.6 million in exploration, \$5.0 million for tailings dam construction and \$18.1 million on stripping costs and other capital.

At March 31, 2022, the Company had not hedged any copper, gold or US/CDN Dollar exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US/CDN Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

OPERATIONS

The current impact of the COVID-19 pandemic on our business is described under Significant Events and Liquidity. The Company’s plans for 2022 and beyond could be adversely impacted by the effects of the COVID-19 pandemic. The continuing impact of COVID-19 to travel and other operating restrictions established to curb the spread of COVID-19, could materially and adversely impact the Company’s current plans by causing a temporary closure of the Red Chris mine,

suspending planned exploration work, causing an economic slowdown resulting in a decrease in the demand for copper and gold, negatively impacting copper and gold prices, impacting the Company's ability to transport or market the Company's concentrate or causing disruptions in the Company's supply chains.

Red Chris Mine

Metal production for the 2022 first quarter was 13.3 million pounds copper and 12,088 ounces gold, as compared to 15.9 million pounds copper and 15,850 ounces gold produced in the 2021 first quarter. Imperial's 30% portion of the production was 4.0 million pounds copper and 3,626 ounces gold.

	Three Months Ended March 31*	
	2022	2021
Ore milled - <i>tonnes</i>	2,025,457	2,162,759
Ore milled per calendar day - <i>tonnes</i>	22,505	24,031
Grade % - copper	0.411	0.433
Grade g/t - gold	0.357	0.419
Recovery % - copper	72.5	77.0
Recovery % - gold	51.9	54.3
Copper – <i>000's pounds</i>	13,310	15,885
Gold – <i>ounces</i>	12,088	15,850

* 100% Red Chris mine production

Metal production was lower by 9.6% for copper and 11.2% for gold compared to the fourth quarter of 2021 primarily due to lower recoveries (72.5% versus 81.1% for copper and 51.9% compared to 59.7% for gold) and mill throughput due to unscheduled downtime of the SAG mill and winter conditions affecting the tailings line.

Exploration drilling at Red Chris is ongoing with up to eight drills in operation during the first quarter with five drills focusing on expanding the East Ridge zone and three gathering geotechnical information for infrastructure related to the development of a block cave. The exploration decline had advanced 1,225 metres as of April 20, 2022 and surface infrastructure development related to the decline is expected to be substantially completed in June 2022. Work on the Block Cave Feasibility Study ongoing is targeted to be completed by June 2023.

Imperial's 30% share of exploration, development, and capital expenditures were \$29.1 million in the March 2022 quarter compared to \$16.4 million in the 2021 comparative quarter.

Mount Polley Mine

The Company began the work required to reopen the mine in the fourth quarter of 2021. Management is targeting to start the milling operations in the second quarter of 2022.

The plant refurbishing activities by mechanical and electrical contractors was ongoing during the quarter. The crusher is operational and is providing stemming, road crush and TSF filter material. Crews are active in the grinding bay, flotation and dewatering areas getting the plant ready for operation. Mining operations began in November 2021 and by March 31, 2022, approximately 4.5 million tonnes had been mined in preparation for the restart of operations.

For the March 2022 quarter, Mount Polley incurred restart costs comprised of \$21.7 million in operating costs and \$0.7 million in depreciation expense.

Exploration, development, and capital expenditures in the March 2022 quarter were \$2.3 million compared to \$0.3 million in the 2021 comparative quarter.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status. The Company anticipates working towards the restart of Huckleberry following the start of operations at Mount Polley.

Site personnel continue to focus on maintaining site access, water management (treatment and release of mine contact water into Tahtsa Reach), snow removal, maintenance of site infrastructure and equipment, mine permit compliance, environmental compliance monitoring and monitoring tailings management facilities.

Geotechnical programs conducted in 2021 have indicated that some work is required to upgrade the existing facility and provided information required to update the tailings facility design for future operations.

For the March 2022 quarter, Huckleberry incurred idle mine costs comprised of \$1.3 million in operating costs and \$0.2 million in depreciation expense.

EARNINGS AND CASH FLOW

Select Quarter Financial Information

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

	Three Months Ended March 31	
	2022	2021
Operations:		
Total revenues	\$33,126	\$33,050
Net loss	\$(6,925)	\$(2,542)
Net loss per share	\$(0.05)	\$(0.02)
Diluted loss per share	\$(0.05)	\$(0.02)
Adjusted net loss ⁽¹⁾	\$(18,754)	\$(2,565)
Adjusted net loss per share ⁽¹⁾	\$(0.13)	\$(0.02)
Adjusted EBITDA ⁽¹⁾	\$(13,380)	\$2,631
Cash earnings ⁽¹⁾⁽²⁾	\$(13,331)	\$2,526
Cash earnings per share ⁽¹⁾⁽²⁾	\$(0.09)	\$0.02
Working capital (deficiency)	\$(44,107)	\$5,653
Total assets	\$1,190,293	\$1,075,017
Total debt (including current portion)	\$61,298	\$20,387

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

⁽²⁾ Cash earnings is defined as the cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid. Cash earnings per share is defined as cash earnings divided by the weighted average number of common shares outstanding during the year.

NON-IFRS FINANCIAL MEASURES

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

Adjusted net income (loss), adjusted EBITDA, cash earnings and cash cost per pound of copper are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers.

Adjusted Net Loss and Adjusted Net Loss Per Share

Adjusted net loss is derived from operating net loss by removing the gains or loss, resulting from acquisition and disposal of property, mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax and other non-recurring items. Adjusted net loss in the March 2022 quarter was \$18.8 million (\$0.13 per share) compared to an adjusted net loss of \$2.6 million (\$0.02 per share) in the 2021 comparative quarter. We believe that the presentation of Adjusted Net Loss helps investors better understand the results of our normal operating activities and the ongoing cash generating potential of our business.

Adjusted EBITDA

Adjusted EBITDA in the March 2022 quarter was a loss of \$13.4 million compared to an income of \$2.6 million in the 2021 comparative quarter. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain non-cash items and is useful to investors as an important indicator of our operations and the performance of our core business.

Cash Earnings and Cash Earnings Per Share

Cash earnings in the March 2022 quarter was negative \$13.3 million compared to positive \$2.5 million in the 2021 comparative quarter. Cash earnings per share was (\$0.09) in the March 2022 quarter compared to \$0.02 in the 2021 comparative quarter.

We believe that the presentation of cash earnings and cash earnings per share is appropriate to provide additional information to investors about how well the Company can earn cash to pay its debts and manage its operating expenses and investment. Cash earnings is defined as cash flow from operations before the net change in non-cash working capital

balances, income and mining taxes paid, and interest paid. Cash earnings per share is the same measure divided by the weighted average number of common shares outstanding during the year.

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 mines, Red Chris (30% share), Mount Polley and Huckleberry, and on a composite basis for these mines. Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: grade, metal recoveries, amount of stripping charged to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US\$ to CDN\$ exchange rate and the amount of copper produced.

Idle mine and mine restart costs during the periods when the Huckleberry and Mount Polley mines are not in operation have been excluded from the cash cost per pound of copper produced.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended March 31	
	2022	2021
Cash cost of copper produced in US\$	\$11,147	\$13,326
Copper produced – pounds	3,993	4,765
Cash cost per lb copper produced in US\$	\$2.79	\$2.80

For detailed information, refer to Imperial's 2022 First Quarter Report available on imperialmetals.com and sedar.com.

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company with holdings that include the Mount Polley mine (100%), the Huckleberry mine (100%), the Red Chris mine (30%). Imperial also holds a portfolio of 23 greenfield exploration properties in British Columbia.

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Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release are not statements of historical fact and are "forward-looking" statements. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements regarding the Company's expectations with respect to the impact of COVID-19 on the Company's business and operations; metal pricing and demand; fluctuation of revenues; potential development plans and mining methods at Red Chris; progress and advancement of the exploration decline; timing regarding completion of the Block Cave Feasibility Study and surface infrastructure development related to the exploration decline; expectations regarding care, maintenance and rehabilitation activities at Mount Polley and Huckleberry; expectations regarding timing of mine restart plans at Mount Polley and Huckleberry; metal production guidance and estimates; expectations and timing regarding current and future exploration and drilling programs; and expectations regarding the usefulness of non-IFRS financial measures including adjusted net income (loss), adjusted EBITDA, cash earnings and cash cost per pound of copper.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "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", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this news release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions. These factors and assumptions and beliefs and assumptions include, the risk factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company's ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ

materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this news release are qualified by these cautionary statements.