



Condensed Consolidated Interim Financial Statements (unaudited)

For the Three and Nine Months Ended September 30, 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2024 and December 31, 2023

expressed in thousands of Canadian dollars

		September 30	December 31
	Notes	2024	2023
ASSETS			
Current assets			
Cash		\$45,202	\$24,936
Trade and other receivables	3	26,764	32,047
Inventory	4	67,130	57,274
Prepaid expenses and deposits		3,899	5,688
		<u>142,995</u>	<u>119,945</u>
Mineral properties	5	1,340,072	1,246,952
Other assets	4, 6	47,750	36,939
Deferred income tax assets		3,716	8,154
		<u>\$1,534,533</u>	<u>\$1,411,990</u>
LIABILITIES			
Current liabilities			
Trade and other payables		\$92,718	\$80,157
Taxes payable		1,413	741
Short term debt	7	170,017	132,630
Current portion of long term debt	8	30,762	74,014
		<u>294,910</u>	<u>287,542</u>
Long term debt	8	177,568	113,143
Non-current trade payables		3,141	3,419
Future site reclamation provisions	9	147,515	149,335
Deferred income tax liabilities		151,090	142,320
		<u>774,224</u>	<u>695,759</u>
EQUITY			
Share capital	10	437,043	437,043
Contributed surplus		49,925	49,458
Currency translation adjustment		8,021	7,883
Retained earnings		265,320	221,847
		<u>760,309</u>	<u>716,231</u>
		<u>\$1,534,533</u>	<u>\$1,411,990</u>
Commitments and pledges	20		
Contingent liabilities	21		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on November 5, 2024

/s/ Larry G. Moeller

Director

/s/ J. Brian Kynoch

Director

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

For the Three and Nine Months Ended September 30, 2024 and 2023

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

		Three Months Ended September 30		Nine Months Ended September 30	
		2024	2023	2024	2023
	Notes				
Revenue		\$146,098	\$78,485	\$362,397	\$256,910
Cost of sales	11	(85,714)	(78,003)	(264,546)	(268,557)
Income (loss) from mine operations		60,384	482	97,851	(11,647)
General and administration		(1,217)	(994)	(4,003)	(2,551)
Idle mine costs		(2,187)	(2,220)	(5,944)	(6,117)
Gain on disposal of mineral properties		-	3	104	9
Interest expense	12	(9,177)	(8,700)	(27,511)	(22,089)
Other loss	13	(1,187)	(493)	(1,562)	(2,294)
Income (loss) before taxes		46,616	(11,922)	58,935	(44,689)
Income and mining tax (expense) recovery	14	(14,348)	9,011	(15,462)	18,476
Net income (loss)		32,268	(2,911)	43,473	(26,213)
Other comprehensive income (loss)					
Currency translation adjustment		(96)	142	138	(12)
Total comprehensive income (loss)		\$32,172	\$(2,769)	\$43,611	\$(26,225)
Income (loss) per share					
Basic	15	\$0.20	\$(0.02)	\$0.27	\$(0.17)
Diluted	15	\$0.20	\$(0.02)	\$0.27	\$(0.17)
Weighted average number of common shares outstanding					
Basic	15	161,871,341	157,230,037	161,871,341	155,666,213
Diluted	15	162,090,707	157,230,037	162,508,156	155,666,213

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three and Nine Months Ended September 30, 2024 and 2023

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

	Share Capital		Contributed Surplus	Currency Translation Adjustment	Retained Earnings	Total
	Number of Shares	Amount				
Balance December 31, 2022	154,871,341	\$420,376	\$48,749	\$8,044	\$258,562	\$735,731
Private placement	7,000,000	16,667	-	-	-	16,667
Share based compensation expense	-	-	357	-	-	357
Total comprehensive loss	-	-	-	(12)	(26,213)	(26,225)
Balance September 30, 2023	161,871,341	\$437,043	\$49,106	\$8,032	\$232,349	\$726,530
Balance December 31, 2023	161,871,341	\$437,043	\$49,458	\$7,883	\$221,847	\$716,231
Share based compensation expense	-	-	467	-	-	467
Total comprehensive income	-	-	-	138	43,473	43,611
Balance September 30, 2024	161,871,341	\$437,043	\$49,925	\$8,021	\$265,320	\$760,309

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three and Nine Months Ended September 30, 2024 and 2023

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

	Notes	Three Months Ended September 30		Nine Months Ended September 30	
		2024	2023	2024	2023
OPERATING ACTIVITIES					
Net income (loss)		\$32,268	\$(2,911)	\$43,473	\$(26,213)
Items not affecting cash flows					
Deferred mining and income tax expense (recovery)	14	13,225	(9,326)	13,208	(19,226)
Depletion and depreciation		16,534	12,379	49,180	35,986
Gain on disposal of mineral properties		-	(3)	(104)	(9)
Share based compensation		154	233	467	357
Accretion of future site reclamation provisions		1,292	1,178	3,828	3,523
Unrealized foreign exchange (gains) losses		70	(409)	(389)	8
Interest expense		9,177	8,700	27,511	22,089
		<u>72,720</u>	<u>9,841</u>	<u>137,174</u>	<u>16,515</u>
Net change in non-cash operating working capital balances	16	592	(12,069)	1,543	8,786
Income and mining taxes paid		(501)	-	(1,258)	-
Interest paid		(9,270)	(6,985)	(26,712)	(18,331)
Cash provided by (used in) operating activities		<u>63,541</u>	<u>(9,213)</u>	<u>110,747</u>	<u>6,970</u>
FINANCING ACTIVITIES					
Proceeds from short term debt	7	17,508	23,815	83,387	36,195
Repayment of short term debt	7	(25,500)	(11,500)	(46,000)	(11,500)
Repayment of current portion of long term debt		(836)	(437)	(2,310)	(848)
Lease payments		(871)	(992)	(3,001)	(2,947)
Issue of debentures		-	-	55,000	63,595
Repayment of debentures	8	-	-	(43,675)	-
Share capital issued for private placement, net of issue costs		-	16,618	-	16,618
Cash (used in) provided by financing activities		<u>(9,699)</u>	<u>27,504</u>	<u>43,401</u>	<u>101,113</u>
INVESTING ACTIVITIES					
Acquisition and development of mineral properties		(54,351)	(31,740)	(138,072)	(93,628)
Net change in non-cash investing working capital balances		2,371	(6,864)	3,649	(4,377)
Proceeds on sale of minerals properties and other		30	28	150	34
Cash used in investing activities		<u>(51,950)</u>	<u>(38,576)</u>	<u>(134,273)</u>	<u>(97,971)</u>
EFFECT OF FOREIGN EXCHANGE ON CASH		(67)	414	391	(5)
INCREASE (DECREASE) IN CASH		<u>1,825</u>	<u>(19,871)</u>	<u>20,266</u>	<u>10,107</u>
CASH, BEGINNING OF PERIOD		<u>43,377</u>	<u>57,519</u>	<u>24,936</u>	<u>27,541</u>
CASH, END OF PERIOD		<u>\$45,202</u>	<u>\$37,648</u>	<u>\$45,202</u>	<u>\$37,648</u>

See accompanying notes to these condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2024 and 2023

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

1. NATURE OF OPERATIONS

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

The Company’s key projects are:

- 30% interest in the Red Chris copper-gold mine in northwest British Columbia, and
- 100% interest in the Mount Polley copper-gold mine in central British Columbia.

These consolidated 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 determine the funds required to support the Company’s operations and expansionary plans.

The Company has financed its operating cash requirements primarily through revenues generated by its 30% share of Red Chris mine, its 100% interest in the Mount Polley mine, debt facility, convertible debentures and equity raises. The Company’s ability to realize the carrying value of its assets and to continue as a going concern is based upon the continued support of our shareholders, senior lender and the operational success at our operating mines. It will be necessary for the Company to raise additional funds from time to time for the continued execution of its strategic plan which is to see increased cash generation from its operating mines. These additional funds may come from sources which include the issuance of shares, the issuance of debt or alternative sources of financing.

The Company has in place a robust planning, budgeting, and forecasting process to determine the funds required to support its operations and expansionary plans. As a result, after considering all relevant information, management has concluded that there are no material uncertainties related to the events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern for at least the next year.

2. MATERIAL ACCOUNTING POLICIES

Statement of Compliance

The annual consolidated financial statements are prepared in accordance with IFRS® Accounting Standards (“IFRS”). These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (IAS 34).

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, 2023.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1 - Presentation of Financial Statements

Effective January 1, 2024, the amendments require companies to clarify the classification of liabilities as current or non-current based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity exercised its right to defer or accelerate settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2024 and 2023

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

The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The Company evaluated the impact of this amendment and concluded that it has no significant effect on its financial statements.

Amendments to IAS 7 - Presentation of Financial Statements and IFRS 7 - Financial Instruments: Disclosures

Effective from January 1, 2024, amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures introduce disclosure requirements for companies regarding supplier finance arrangements. These requirements mandate the provision of qualitative and quantitative information to help users of financial statements evaluate the impact of these arrangements on the company's liabilities and cash flows. The Company evaluated the impact of this amendment and concluded that it has no significant effect on its financial statements.

Amendments to IFRS 16 - Leases

Effective from January 1, 2024, amendments to IFRS 16, Leases provide guidance on accounting for sale and leaseback transactions after the transaction date. The amendments clarify how a seller-lessee should subsequently measure lease liabilities and when it is appropriate to record a gain or loss on these transactions. The amendments apply to all sale and leaseback transactions entered since the effective date of IFRS 16 (January 1, 2019). The Company evaluated the impact of this amendment and concluded that it has no significant effect on its financial statements.

Comparative Information

Certain comparative amounts in Note 5 "Mineral Properties" have been reclassified to conform to current period presentation, and those reclassifications are not material.

3. TRADE AND OTHER RECEIVABLES

	September 30 2024	December 31 2023
Trade receivables	\$20,122	\$19,156
Tax credit receivable	6,642	12,891
	<u>\$26,764</u>	<u>\$32,047</u>

4. INVENTORY

	September 30 2024	December 31 2023
Stockpile ore	\$43,021	\$19,802
Concentrate	11,805	18,641
Supplies	45,638	41,378
Total inventories	100,464	79,821
Less non-current inventories included in other assets (Note 6)	(33,334)	(22,547)
Total current inventories	<u>\$67,130</u>	<u>\$57,274</u>

During the nine months period ended September 30, 2024 inventory of \$243,440 was recognized in cost of sales (September 30, 2023-\$257,714) and a net impairment charge of \$2,625 (September 30, 2023-\$2,347 of a net impairment reversal) on stockpile ore, concentrate and supplies inventory was included in cost of sales.

As at September 30, 2024, the Company had \$50,383 (December 31, 2023-\$46,605) of inventory pledged as security for debt (Note 7).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2024 and 2023

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

5. MINERAL PROPERTIES

	Mineral Properties	Capitalized Stripping Costs	Exploration, Evaluation and Development	Plant & Equipment	Total
<i>Costs</i>					
Balance December 31, 2022	\$552,345	\$180,627	\$264,141	\$737,960	\$1,735,073
Additions	9	12,558	44,854	79,835	137,256
Change in estimates of future site reclamation provisions	14,522	-	13	-	14,535
Disposals and write down	(104)	(24,660)	(3)	(111)	(24,878)
Foreign exchange valuation	-	-	(162)	-	(162)
Balance December 31, 2023	\$566,772	\$168,525	\$308,843	\$817,684	\$1,861,824
Additions	9	27,575	41,498	87,457	156,539
Change in estimates of future site reclamation provisions	(5,648)	-	-	-	(5,648)
Disposals and write down	-	-	-	(62)	(62)
Foreign exchange valuation	-	-	138	-	138
Balance September 30, 2024	\$561,133	\$196,100	\$350,479	\$905,079	\$2,012,791
<i>Accumulated depletion & depreciation & impairment losses</i>					
Balance December 31, 2022	\$174,645	\$145,853	\$1,637	\$266,618	\$588,753
Depletion and depreciation	5,757	8,455	-	36,621	50,833
Disposals and write down	-	(24,660)	-	(54)	(24,714)
Balance December 31, 2023	\$180,402	\$129,648	\$1,637	\$303,185	\$614,872
Depletion and depreciation	7,044	11,773	-	39,052	57,869
Disposals and write down	-	-	-	(22)	(22)
Balance September 30, 2024	\$187,446	\$141,421	\$1,637	\$342,215	\$672,719
<i>Carrying Amount</i>					
Balance December 31, 2022	\$377,700	\$34,774	\$262,504	\$471,342	\$1,146,320
Balance December 31, 2023	\$386,370	\$38,877	\$307,206	\$514,499	\$1,246,952
Balance September 30, 2024	\$373,687	\$54,679	\$348,842	\$562,864	\$1,340,072

At September 30, 2024, leased mobile equipment at cost of \$27,500 (December 31, 2023-\$16,118) and accumulated depreciation of \$11,347 (December 31, 2023-\$9,117) was included with plant and equipment.

At September 30, 2024, the Company had provided \$28,370 (December 31, 2023-\$28,370) of security for reclamation bonding obligations by securing certain plant and equipment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2024 and 2023

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Red Chris Mine

Red Chris Development Company Ltd., a wholly owned subsidiary of the Company, owns a 30% beneficial interest in the Red Chris copper/gold mine in northwest British Columbia. The Company and Newmont Corporation have a joint venture for the operation of Red Chris, with Newcrest Red Chris Mining Limited acting as operator. The property is comprised of the Red Chris Main claim group (51 tenures / 17,149 hectares), the Red Chris South group (29 tenures / 7,068 hectares), the GJ group (87 tenures / 39,432 hectares) and the Hawkeye group (McBride, Railway and Todogin claims, 37 tenures / 8,225 hectares) consisting of 204 mineral tenures (71,875 hectares). Five of the Red Chris Main tenures are mining leases (5,141 hectares). Net smelter royalties between 1.0% to 2.0% are payable on the current tenures which are being mined from the Red Chris mine.

Mount Polley Mine

The Mount Polley copper/gold mine in south-central British Columbia is owned 100% by Mount Polley Mining Corporation, a wholly owned subsidiary of the Company. The property encompasses 24,096 hectares consisting of seven mining leases (2,007 hectares) and 52 mineral claims (22,089 hectares). A production royalty is payable on ore mined from Mining Lease 933970. In October 2019, Mount Polley Mining Corporation optioned seven adjacent mineral tenures (3,331 hectares) and the option was exercised on December 30, 2022. These claims are subject to a production royalty payable on ore mined from the claims and milled in the Mount Polley processing plant. There is currently no ore being mined on tenures subject to the production royalties.

Huckleberry Mine

The Huckleberry copper mine in west-central British Columbia is 100% owned by Huckleberry Mines Ltd., a wholly owned subsidiary of the Company. The property encompasses 25,767 hectares, consisting of two mining leases (2,422 hectares) and 49 mineral claims (23,345 hectares).

Huckleberry mine operations were suspended in August 2016. The mine remains on care and maintenance status until the economics of mining improve.

Other Exploration Properties

Imperial has a portfolio of 23 greenfield exploration properties located mainly in British Columbia and holds royalty interests in another 12 properties. These properties have defined areas of mineralization and clear exploration potential.

Impairment Analysis of Mineral Properties

In accordance with its accounting policies and processes, each asset or cash-generating unit (“CGU”) is evaluated to determine whether there are any indications of impairment or impairment reversal. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

Based on the Company’s assessment with respect to possible indicators of either impairment or reversal of previous impairments to its mineral properties, including the impact of current macroeconomic and geopolitical uncertainties on the operations and the prevailing market metals prices, the Company concluded that as of September 30, 2024, a possible impairment indicator of mineral properties existed and as such the Company performed an impairment analysis (December 31, 2023-indicators of impairment identified). As the recoverable amounts exceeded the carrying values, no impairment was recorded.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2024 and 2023

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

6. OTHER ASSETS

	September 30 2024	December 31 2023
Future site reclamation deposits	\$14,416	\$14,392
Non-current inventory – ore stockpile (Note 4)	25,084	13,446
Non-current inventory – supplies, including critical spare parts (Note 4)	8,250	9,101
	<u>\$47,750</u>	<u>\$36,939</u>

7. SHORT TERM DEBT

Amounts due for short term debt are:

	September 30 2024	December 31 2023
Credit Facility	\$98,500	\$103,500
Advanced Development Loan	71,517	29,130
	<u>\$170,017</u>	<u>\$132,630</u>

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

	Nine Months Ended September 30 2024	Year Ended December 31 2023
Balance, beginning of period	\$132,630	\$101,000
Amounts advanced	83,387	63,130
Amount repaid	(46,000)	(31,500)
Balance, end of period	<u>\$170,017</u>	<u>\$132,630</u>

Credit Facility

At September 30, 2024, a credit facility aggregating \$125,000 (December 31, 2023-\$125,000) is in effect until expiry on February 21, 2025. The facility is secured by shares of all material subsidiaries and a floating charge on certain assets of the Company. The full amount of the \$125,000 of credit facility is guaranteed by a related party. The guarantee fee is payable monthly at a rate of 1.5% per annum. Any funds borrowed under the credit facility bear an interest rate of CORRA plus 2.0%.

As at September 30, 2024, a total of \$112,857 (December 31, 2023-\$117,857) has been utilized, that consists of drawdowns in amount of \$98,500 (December 31, 2023-\$103,500) and \$14,357 (December 31, 2023-\$14,357) for letters of credit pledged for settlement of future site reclamation provisions and other obligations.

Advanced Development Loan

In June 2023, the Company signed a loan agreement with Newcrest Red Chris Mining Limited to finance the Company's 30% interest in advanced development works on the Red Chris block cave decline and related activities. The aggregate planned expenditures in respect of 100% of advanced development works is \$251,200. The Advanced Development Loan is repayable on demand (with certain restrictions) and bears interest at prime rate plus 3.5% per annum.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2024 and 2023

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

8. NON-CURRENT DEBT

Amounts due for non-current debt are:

	September 30 2024	December 31 2023
Debentures	\$188,970	\$175,983
Equipment leases	12,577	4,031
Equipment loans	6,783	7,143
	<u>208,330</u>	<u>187,157</u>
Less portion due within one year	<u>(30,762)</u>	<u>(74,014)</u>
	<u>\$177,568</u>	<u>\$113,143</u>

Debentures

- (a) On August 31, 2022 the Company completed its non-brokered private placement of unsecured convertible debentures. The debentures with a face value of \$47,000 mature on August 30, 2027 and bear interest at 8% per year, with interest payable semi-annually in cash. The first interest payment was on February 28, 2023. Each \$3.20 of the principal amount of the convertible debenture is convertible into one common share of the Company. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 140% of the conversion price for at least 30 consecutive days. A maximum of 14,687,500 common shares will be issued if all of the convertible debentures are converted into common shares of the Company.
- (b) On December 23, 2022 the Company issued unsecured non-convertible debentures (the "A Debentures") with an aggregate principal amount of \$48,450 which have a maturity date of December 23, 2026 and which bear interest at a rate of 10% per annum, with interest payable semi-annually in cash. The first interest payment was June 23, 2023. In connection with the issuance of the A Debentures, the Company issued 6,056,250 common share purchase warrants which are exercisable into common shares of the Company at a price of \$2.10 per share. The warrants expire on December 23, 2026.
- The Company also issued unsecured non-convertible debentures (the "B Debentures") with an aggregate principal amount of \$4,550 which had a maturity date of December 23, 2023, which was subsequently extended to March 1, 2024. The debentures bear interest at a rate of 12% per annum, with interest payable semi-annually in cash. No warrants were issued in connection with the B Debentures. The B Debentures were repaid on March 1, 2024.
- (c) On March 1, 2023 the Company issued on a non-brokered private placement basis unsecured non-convertible debentures with an aggregate principal amount of \$29,125 which had a maturity date of March 1, 2024. The Debentures bear interest at a rate of 12.0% per annum, with interest paid semi-annually in cash. These debentures were repaid on March 1, 2024.
- (d) On June 21, 2023 the Company issued on a non-brokered private placement basis unsecured non-convertible debentures with an aggregate principal amount of \$34,470. The debentures had a maturity date of July 1, 2024 and bear interest at a rate of 12.0% per annum, with interest paid semi-annually in cash. The first interest payment was January 1, 2024. On June 24, 2024 the Company amended certain terms of the debentures: extended its maturity date to November 1, 2025 and included a 2% prepayment penalty on the outstanding principal amount in the event that the debentures are repaid by the Company prior to November 1, 2025.
- (e) On November 1, 2023 the Company issued on a non-brokered private placement basis unsecured non-convertible debentures with an aggregate principal amount of \$20,000. The debentures have a maturity date of July 1, 2025 and bear interest at a rate of 12.0% per annum, with interest paid semi-annually in cash. The first interest payment was May 1, 2024.
- (f) On February 5, 2024, the Company issued on a non-brokered private placement basis unsecured non-convertible debentures with an aggregate principal amount of \$10,000 and a maturity date of March 1, 2024. The debentures bear interest at a rate of 12% per annum. These debentures were repaid on March 1, 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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- (g) On March 1, 2024 the Company issued on a non-brokered private placement basis unsecured non-convertible debentures with an aggregate principal amount of \$45,000. The Debentures have a maturity date of November 1, 2025 and bear interest at a rate of 12.0% per annum, with interest paid semi-annually in cash. The first interest payment was on September 1, 2024.

The movement of the debentures amounts are:

	Nine Months Ended September 30 2024	Year Ended December 31 2023
Balance, beginning of period	\$175,983	\$90,217
Issuance of new debentures	55,000	83,595
Repayment of debentures	(43,675)	-
Accretion	1,662	2,171
Balance, end of period	<u>\$188,970</u>	<u>\$175,983</u>

Equipment leases

The outstanding amount of equipment leases is \$12,577 (December 31, 2023-\$4,031) at weighted average interest rate of 4.58% with monthly payments of \$669.

Contractual Lease Payments

	September 30 2024	December 31 2023
Due in less than one year	\$7,084	\$3,166
Due in one to three years	4,398	1,029
Total undiscounted lease liabilities, end of period	<u>\$11,482</u>	<u>\$4,195</u>

9. FUTURE SITE RECLAMATION PROVISIONS

The Company has recognized provisions for future site reclamation at its Red Chris, Mount Polley, Huckleberry, Ruddock Creek and Catface properties. Although the ultimate amounts of the future site reclamation provisions are uncertain, the provision of these obligations is based on information currently available, including closure plans and applicable regulations. Significant closure activities include land rehabilitation, water treatment, demolition of facilities, monitoring and other costs.

The total undiscounted amount of estimated cash flows required to settle the Company's estimated future closure and decommissioning costs is \$261,831 (December 31, 2023-\$261,229). The estimated future cash flows were then inflated using inflation rates 2.0% (December 31, 2023-2.0%). The total provision for closure and decommissioning costs is calculated using discount rates between 3.20% to 5.20% (December 31, 2023-2.96% to 4.96%). Obligations in the amount of \$141,806 are expected to be settled in the years 2024 through 2053.

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Balance, beginning of period	\$149,335	\$130,021
Accretion	3,828	4,779
Change in estimates of future costs and discount rate	(5,648)	14,535
Balance, end of period	<u>\$147,515</u>	<u>\$149,335</u>

The amount and timing of closure plans for the mineral properties will vary depending on a number of factors, including exploration success and alternative mining plans.

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10. SHARE CAPITAL

(i) 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

(ii) Share Option Plans

Under the Share Option Plans, options not exceeding 10% of the issued common shares of the Company, may be granted to its directors, officers and employees. As at September 30, 2024, a total of 12,542,384 common share options had remained available for grant under the plans. Under the plans, the exercise price of each option cannot be less than 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.

During the nine months ended September 30, 2024 the Company granted 100,000 stock options (September 30, 2023-1,350,000) at a weighted average exercise price of \$2.40 (September 30, 2023-\$2.33). The weighted average fair value for the options granted during the Nine months ended September 30, 2024 was \$1.36 per option (September 30, 2023-\$1.18), which was estimated at the date of the grant using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate - 3.50% (September 30, 2023: 3.54%-3.90%); expected dividend yield - \$nil (September 30, 2023-\$nil); expected stock price volatility - 67.47% (September 30, 2023: 59.83-66.54%); expected option life - 5.8 years (September 30, 2023: 4.2-4.3 years); and, estimated forfeiture rate - 5.00% (September 30, 2023-5.00%).

Movements in Share Options

The changes in share options were as follows:

	Nine Months Ended September 30, 2024		Year Ended December 31, 2023	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	3,544,750	\$3.78	2,201,000	\$4.66
Issued	100,000	\$2.40	1,350,000	\$2.33
Forfeited	-	\$ -	(3,750)	\$2.00
Expired	-	\$ -	(2,500)	\$2.00
Outstanding at end of period	3,644,750	\$3.74	3,544,750	\$3.78
Options exercisable at end of period	2,593,500	\$4.30	2,223,500	\$4.69

The following table summarizes information about the Company's share options outstanding as at September 30, 2024:

Exercise Prices	Options Outstanding		Options Exercisable	
	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
\$2.00	1,438,750	0.94	1,316,250	0.77
\$2.40	1,205,000	3.34	276,250	3.17
\$5.75	65,000	3.25	65,000	3.25
\$8.00	936,000	1.18	936,000	1.18
	3,644,750	1.83	2,593,500	1.24

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(iii) Warrants

In connection with the issuance of the A Debentures (Note 8 (b)), the Company issued 6,056,250 common share purchase warrants which are exercisable into common shares of the Company at a price of \$2.10 per share for a period of four years from the date of issuance. The warrants expire on December 23, 2026. The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 3.38%, expected dividend yield of nil, expected stock price volatility of 67.62% and expected life of 4 years. At September 30, 2024 all warrants remain outstanding.

11. COST OF SALES

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Operating expenses	\$69,489	\$65,756	\$216,147	\$233,223
Share based compensation expense	22	129	85	129
Depletion and depreciation	16,203	12,118	48,314	35,205
	<u>\$85,714</u>	<u>\$78,003</u>	<u>\$264,546</u>	<u>\$268,557</u>

Included in cost of sales for the three months ended September 30, 2024 is \$4,059 of a net impairment charge (three months ended September 30, 2023-\$97 of a net impairment reversal) in relation to concentrate, stockpile and supplies inventory.

Included in cost of sales for the nine months ended September 30, 2024 is \$2,625 of a net impairment charge (nine months ended September 30, 2023-\$2,347 of a net impairment reversal) in relation to concentrate, stockpile and supplies inventory.

12. INTEREST EXPENSE

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Interest and finance fees on debt:				
Convertible debentures (Note 8 (a))	\$1,202	\$1,210	\$3,616	\$3,582
Non-convertible debentures (Note 8 (b)-(g))	4,542	3,566	13,588	8,310
Equipment loans and leases (Note 8)	194	168	610	373
	<u>5,938</u>	<u>4,944</u>	<u>17,814</u>	<u>12,265</u>
Other interest and finance fees				
Credit facility (Note 7)	2,016	2,762	6,681	7,704
Advanced development loan (Note 7)	1,872	345	4,744	379
Other	1,223	667	3,029	1,775
	<u>5,111</u>	<u>3,774</u>	<u>14,454</u>	<u>9,858</u>
	<u>11,049</u>	<u>8,718</u>	<u>32,268</u>	<u>22,123</u>
Less: interest capitalized	(1,872)	(18)	(4,757)	(34)
	<u>\$9,177</u>	<u>\$8,700</u>	<u>\$27,511</u>	<u>\$22,089</u>

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13. OTHER LOSS

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Accretion of future site reclamation provisions	\$(1,292)	\$(1,178)	\$(3,828)	\$(3,523)
Foreign exchange (loss) gain	(470)	82	232	(76)
	(1,762)	(1,096)	(3,596)	(3,599)
Interest income	575	603	2,034	1,305
	<u>\$(1,187)</u>	<u>\$(493)</u>	<u>\$(1,562)</u>	<u>\$(2,294)</u>

14. INCOME AND MINING TAX (EXPENSE) RECOVERY

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Current income and mining taxes	\$(1,123)	\$(315)	\$(2,254)	\$(750)
Deferred income and mining taxes	(13,225)	9,326	(13,208)	19,226
	<u>\$(14,348)</u>	<u>\$9,011</u>	<u>\$(15,462)</u>	<u>\$18,476</u>

15. EARNINGS (LOSS) PER SHARE

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Numerator:				
Net Income (loss)	<u>\$32,268</u>	<u>\$(2,911)</u>	<u>\$43,473</u>	<u>\$(26,213)</u>
Denominator:				
Basic weighted-average number of common shares outstanding	161,871,341	157,230,037	161,871,341	155,666,213
Effect of dilutive securities: stock options, warrants and convertible debentures	219,366	-	636,815	-
Diluted weighted-average number of common shares outstanding	<u>162,090,707</u>	<u>157,230,037</u>	<u>162,508,156</u>	<u>155,666,213</u>
Basic net income (loss) per common share	\$0.20	\$(0.02)	\$0.27	\$(0.17)
Diluted net income (loss) per common share	\$0.20	\$(0.02)	\$0.27	\$(0.17)

The following 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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Stock Options	2,328,500	3,548,500	2,328,500	3,548,500
Warrants	-	6,056,250	-	6,056,250
Convertible debentures	14,687,500	14,687,500	14,687,500	14,687,500

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For the Three and Nine Months Ended September 30, 2024 and 2023

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16. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash operating working capital balances:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Trade and other receivables	\$(3,389)	\$(11,715)	\$1,122	\$3,079
Inventory	(2,012)	(10,907)	(12,386)	(1,132)
Prepaid expenses and deposits	1,413	340	1,789	32
Trade and other payables	3,457	9,898	8,764	6,057
Income and mining tax payable	1,123	315	2,254	750
	<u>\$592</u>	<u>\$(12,069)</u>	<u>\$1,543</u>	<u>\$8,786</u>

17. RELATED PARTY TRANSACTIONS AND COMPENSATION TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) Related Party Transactions

Related party transactions with a joint venture, a significant shareholder, companies controlled by a significant shareholder, companies in which directors are owners, and with the Company's directors and officers are as follows:

Statements of Financial Position

	September 30 2024	December 31 2023
Assets		
Equipment rental trade receivables from Red Chris Joint Venture	\$86	\$40
Mineral Properties (Advanced Development Loan interest capitalized)	\$4,744	\$ -
Liabilities		
Debentures (Note 8)	\$139,380	\$134,770
Advanced Development Loan (Note 7)	\$71,517	\$29,130
Interest accrued	\$8,648	\$4,571

Statements of Income (Loss) and Comprehensive Income (Loss)

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Equipment rental and revenue from Red Chris Joint Venture	\$115	\$192	\$402	\$616
Credit facility arrangement guarantee fee	\$472	\$378	\$1,404	\$1,122
Interest expense	\$3,682	\$3,481	\$11,073	\$8,045

The Company incurred the above transactions and balances in the normal course of operations.

(b) Compensation of Directors and Key Management Personnel

The remuneration of the Company's directors and other key management personnel \$427 and \$2,041 for the three and nine months ended September 30, 2024, respectively (three and nine months ended September 30, 2023-\$591 and \$1,419).

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For the Three and Nine Months Ended September 30, 2024 and 2023

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18. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. All of the Company's assets are located in Canada, except for mineral assets totalling \$6,866 as at September 30, 2024 (December 31, 2023-\$6,727) which are located in the USA. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

Reportable Segments

	Three Months Ended September 30, 2024				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	\$43,253	\$102,730	\$165	\$575	\$146,723
Less inter-segment revenues	-	-	(50)	(575)	(625)
Revenues from external sources	\$43,253	\$102,730	\$115	\$ -	\$146,098
Depletion and depreciation	\$8,596	\$7,534	\$404	\$ -	\$16,534
Interest expense and other finance expense	\$(5,176)	\$(4,245)	\$(387)	\$(556)	\$(10,364)
Net income (loss)	\$(1,944)	\$38,576	\$(2,473)	\$(1,891)	\$32,268
Capital expenditures	\$36,065	\$27,762	\$186	\$352	\$64,365
Total assets	\$967,417	\$288,891	\$226,802	\$51,423	\$1,534,533
Total liabilities	\$286,636	\$129,276	\$63,695	\$294,617	\$774,224

	Three Months Ended September 30, 2023				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	\$26,999	\$51,294	\$274	\$ -	\$78,567
Less inter-segment revenues	-	-	(82)	-	(82)
Revenues from external sources	\$26,999	\$51,294	\$192	\$ -	\$78,485
Depletion and depreciation	\$8,244	\$3,737	\$398	\$ -	\$12,379
Interest expense and other finance expense	\$(4,966)	\$(3,399)	\$(339)	\$(489)	\$(9,193)
Net loss	\$(10,458)	\$7,838	\$722	\$(1,013)	\$(2,911)
Capital expenditures	\$25,974	\$13,048	\$562	\$163	\$39,747
Total assets	\$875,251	\$228,038	\$221,577	\$44,286	\$1,369,152
Total liabilities	\$217,502	\$100,730	\$55,237	\$269,153	\$642,622

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	Nine Months Ended September 30, 2024				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	\$125,747	\$236,248	\$575	\$1,725	\$364,295
Less inter-segment revenues	-	-	(173)	(1,725)	(1,898)
Revenues from external sources	\$125,747	\$236,248	\$402	\$ -	\$362,397
Depletion and depreciation	\$29,489	\$18,478	\$1,213	\$ -	\$49,180
Interest expense and other finance expense	\$(14,338)	\$(12,212)	\$(1,129)	\$(1,394)	\$(29,073)
Net (loss) income	\$(9,571)	\$62,743	\$(4,041)	\$(5,658)	\$43,473
Capital expenditures	\$89,179	\$66,487	\$238	\$635	\$156,539
Total assets	\$967,417	\$288,891	\$226,802	\$51,423	\$1,534,533
Total liabilities	\$286,636	\$129,276	\$63,695	\$294,617	\$774,224

	Nine Months Ended September 30, 2023				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	\$84,348	\$171,943	\$880	\$908	\$258,079
Less inter-segment revenues	-	-	(264)	(905)	(1,169)
Revenues from external sources	\$84,348	\$171,943	\$616	\$3	\$256,910
Depletion and depreciation	\$23,421	\$11,373	\$1,192	\$ -	\$35,986
Interest expense and other finance expense	\$(12,912)	\$(8,659)	\$(1,047)	\$(1,765)	\$(24,383)
Net (loss) income	\$(32,154)	\$15,552	\$(2,421)	\$(7,190)	\$(26,213)
Capital expenditures	\$77,878	\$27,597	\$657	\$422	\$106,554
Total assets	\$875,251	\$228,038	\$221,577	\$44,286	\$1,369,152
Total liabilities	\$217,502	\$100,730	\$55,237	\$269,153	\$642,622

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Location of Customers by Geographic Area

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Switzerland	\$134,944	\$12,662	\$215,256	\$112,662
United States of America	-	41,739	46,738	82,098
Singapore	9	-	43,822	-
China	10,522	8,207	19,744	45,972
United Kingdom	(168)	-	17,923	-
Philippines	(21)	15,676	17,222	15,550
Canada	812	201	1,692	628
	<u>\$146,098</u>	<u>\$78,485</u>	<u>\$362,397</u>	<u>\$256,910</u>

Revenues are attributed to geographic area based on country of customer. In the nine months ended September 30, 2024, the Company had 5 principal customers individually accounting for more than 10% each for a total 84% of revenues (September 30, 2023—2 principal customers individually accounting for more than 10% each for a total 67% of revenues).

The Company's principal product is copper concentrate (contains copper, gold, and silver) which is sold at prices quoted on the London Metals Exchange and LBMA. The Company sells all concentrate production to a limited number of traders and smelters.

Revenue by Major Product and Service

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Copper	\$91,073	\$49,992	\$231,520	\$154,714
Gold	53,125	27,628	126,500	99,582
Silver	1,088	664	2,685	1,986
Other	812	201	1,692	628
	<u>\$146,098</u>	<u>\$78,485</u>	<u>\$362,397</u>	<u>\$256,910</u>

19. FINANCIAL INSTRUMENTS, INTEREST RATE AND CREDIT RISK

During the reporting period, the Company examined the various financial instrument risks to which it is exposed and assessed the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

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 capital structure of the Company consists of equity comprised of share capital, contributed surplus, currency translation adjustment and retained earnings.

Credit Risk

The Company's credit risk is limited to cash, trade and other receivables, and future site reclamation deposits 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.

Liquidity Risk

The Company has a planning and budgeting process in place 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 with its customers, to provide cash necessary to meet projected cash requirements.

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The Company holds investments in mineral and exploration properties. 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.

Cash balances on hand, the projected cash flow and the available credit facility, are expected to be sufficient to fund the Company's obligations as they come due. However, there are inherent risks related to the operation of the Company's mines which could require additional sources of financing.

Liquidity risk is also impacted by credit risk, although the Company considers this risk low.

Currency Risk

Financial instruments that impact the Company's net income (loss) and comprehensive income (loss) due to currency fluctuations include US dollar denominated cash, trade, and other accounts receivable, reclamation deposits, trade and other payables and debt. If the US Dollar had been 10% higher/lower and all other variables were held constant, net income (loss) and comprehensive income (loss) for the nine months ended September 30, 2024 would have been higher/lower by \$1,637.

Interest Rate Risk

The Company is exposed to interest rate risk on its credit facilities and advanced development loan (Note 7). 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. If interest rates had been 100 basis points higher/lower on the Company's floating rate debt and all other variables were held constant, the amount of interest expense during nine months ended September 30, 2024 would have increased/decreased by \$809.

Provisionally Priced Revenues

As a result of the provisional pricing terms in its sales contracts, the Company is exposed to commodity price risk until final pricing is determined. Therefore, revenues in subsequent periods will be adjusted for any changes to provisionally priced accounts receivables outstanding at period end. Final pricing is usually four to five months after the date of shipment and therefore changes in metal prices may have a material impact on the final revenue.

Provisionally priced revenues is comprised of the following:

	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
	Provisional lb/oz	Provisional Price per lb/oz	Provisional lb/oz	Provisional Price per lb/oz
	000's	US\$	000's	US\$
Copper	1,306.5	\$4.47	10,177.3	\$3.74
Gold	0.9	\$2,648	2.6	\$1,860

The following tables summarize the realized and unrealized gains (losses) on provisionally priced sales:

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Copper	Gold & Silver	Total	Copper	Gold & Silver	Total
Realized	(646)	747	101	\$1,188	\$129	\$1,317
Unrealized	(268)	363	95	(2,783)	1,595	(1,188)
Total	(914)	1,110	196	\$(1,595)	\$1,724	\$129

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20. COMMITMENTS AND PLEDGES

At September 30, 2024, the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets (Note 6)	\$14,416
Mineral property, plant and equipment (Note 5)	28,370
Letters of credit and reclamation surety bonds	<u>70,988</u>
	<u>\$113,774</u>

21. CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. At the reporting date, none of such claims and legal proceedings are considered probable of resulting in a material loss or judgment against the Company.



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