Imperial Metals

Condensed Consolidated Interim Financial Statements (unaudited)

For the Three and Six Months Ended June 30, 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2024 and December 31, 2023

expressed in thousands of Canadian dollars

	Notes	June 30 2024	December 31 2023
ASSETS			
Current assets			
Cash		$43,377	$24,936
Trade and other receivables	3	26,714	32,047
Inventory	4	62,125	57,274
Prepaid expenses and deposits		5,312	5,688
		137,528	119,945
Mineral properties	5	1,295,454	1,246,952
Other assets	4, 6	43,844	36,939
Deferred income tax assets		3,998	8,154
		$1,480,824	$1,411,990
LIABILITIES			
Current liabilities			
Trade and other payables		$89,139	$80,157
Taxes payable		790	741
Short term debt	7	178,009	132,630
Current portion of long term debt	8	6,698	74,014
		274,636	287,542
Long term debt	8	194,550	113,143
Non-current trade payables		3,069	3,419
Future site reclamation provisions	9	142,439	149,335
Deferred income tax liabilities		138,147	142,320
		752,841	695,759
EQUITY			
Share capital	10	437,043	437,043
Contributed surplus		49,771	49,458
Currency translation adjustment		8,117	7,883
Retained earnings		233,052	221,847
		727,983	716,231
		$1,480,824	$1,411,990
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 August 12, 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 Six Months Ended June 30, 2024 and 2023

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

	Notes	Three Months Ended June 30 2024	Three Months Ended June 30 2023	Six Months Ended June 30 2024	Six Months Ended June 30 2023
Revenue		$131,731	$85,761	$216,299	$178,425
Cost of sales	11	(92,725)	(96,249)	(178,832)	(190,554)
Income (loss) from mine operations		39,006	(10,488)	37,467	(12,129)
General and administration		(1,391)	(475)	(2,786)	(1,557)
Idle mine costs		(1,811)	(1,784)	(3,757)	(3,897)
Gain on disposal of mineral properties		104	6	104	6
Interest expense	12	(7,799)	(7,434)	(18,334)	(13,389)
Other loss	13	(20)	(909)	(375)	(1,801)
Income (loss) before taxes		28,089	(21,084)	12,319	(32,767)
Income and mining tax (expense) recovery	14	(7,719)	5,035	(1,114)	9,465
Net income (loss)		20,370	(16,049)	11,205	(23,302)
Other comprehensive income (loss)					
Currency translation adjustment		70	(149)	234	(154)
Total comprehensive income (loss)		$20,440	$(16,198)	$11,439	$(23,456)
Income (loss) per share					
Basic	15	$0.13	$(0.10)	$0.07	$(0.15)
Diluted	15	$0.13	$(0.10)	$0.07	$(0.15)
Weighted average number of common shares outstanding					
Basic	15	161,871,341	154,871,341	161,871,341	154,871,341
Diluted	15	162,755,834	154,871,341	162,604,297	154,871,341

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three and Six Months Ended June 30, 2024 and 2023

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

	Share Capital			Currency		
	Number of Shares	Amount	Contributed Surplus	Translation Adjustment	Retained Earnings	Total
Balance December 31, 2022	154,871,341	$420,376	$48,749	$8,044	$258,562	$735,731
Share based compensation expense	-	-	124	-	-	124
Total comprehensive loss	-	-	-	(154)	(23,302)	(23,456)
Balance June 30, 2023	154,871,341	$420,376	$48,873	$7,890	$235,260	$712,399
Balance December 31, 2023	161,871,341	$437,043	$49,458	$7,883	$221,847	$716,231
Share based compensation expense	-	-	313	-	-	313
Total comprehensive income	-	-	-	234	11,205	11,439
Balance June 30, 2024	161,871,341	$437,043	$49,771	$8,117	$233,052	$727,983

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three and Six Months Ended June 30, 2024 and 2023

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

	Notes	Three Months Ended June 30 2024	Three Months Ended June 30 2023	Six Months Ended June 30 2024	Six Months Ended June 30 2023
OPERATING ACTIVITIES					
Net income (loss)		$20,370	$(16,049)	$11,205	$(23,302)
Items not affecting cash flows					
Deferred mining and income tax expense (recovery)	14	6,728	(5,151)	(17)	(9,900)
Depletion and depreciation		18,045	13,341	32,646	23,607
Gain on disposal of mineral properties		(104)	(6)	(104)	(6)
Share based compensation		160	93	313	124
Accretion of future site reclamation provisions		1,289	1,170	2,536	2,345
Unrealized foreign exchange (gains) losses		(134)	438	(459)	417
Interest expense		7,799	7,434	18,334	13,389
		54,153	1,270	64,454	6,674
Net change in non-cash operating working capital balances	16	(1,620)	14,954	951	20,855
Income and mining taxes paid		(357)	-	(757)	-
Interest paid		(7,372)	(6,600)	(17,442)	(11,346)
Cash provided by operating activities		44,804	9,624	47,206	16,183
FINANCING ACTIVITIES					
Proceeds from short term debt	7	37,523	11,380	65,879	12,380
Repayment of short term debt	7	(18,000)	-	(20,500)	-
Repayment of current portion of long term debt		(775)	(229)	(1,474)	(411)
Issue of debentures	8	-	34,470	55,000	63,595
Repayment of debentures	8	-	-	(43,675)	-
Lease payments		(987)	(1,025)	(2,130)	(1,955)
Cash provided by financing activities		17,761	44,596	53,100	73,609
INVESTING ACTIVITIES					
Acquisition and development of mineral properties		(51,632)	(38,213)	(83,721)	(61,888)
Net change in non-cash investing working capital balances		594	7,104	1,278	2,487
Proceeds on sale of minerals properties and other		144	6	120	6
Cash used in investing activities		(50,894)	(31,103)	(82,323)	(59,395)
EFFECT OF FOREIGN EXCHANGE ON CASH		133	(439)	458	(419)
INCREASE IN CASH		11,804	22,678	18,441	29,978
CASH, BEGINNING OF PERIOD		31,573	34,841	24,936	27,541
CASH, END OF PERIOD		$43,377	$57,519	$43,377	$57,519

See accompanying notes to these condensed consolidated interim financial statements.

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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). 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. 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.

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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

	June 30 2024	December 31 2023
Trade receivables	$17,172	$19,156
Tax credit receivable	9,542	12,891
	$26,714	$32,047

4. INVENTORY

	June 30 2024	December 31 2023
Stockpile ore	$29,908	$19,802
Concentrate	15,755	18,641
Supplies	45,890	41,378
Total inventories	91,553	79,821
Less non-current inventories included in other assets (Note 6)	(29,428)	(22,547)
Total current inventories	$62,125	$57,274

During the six months period ended June 30, 2024 inventory of $168,363 was recognized in cost of sales (June 30, 2023-$183,437) and a net impairment reversal of $1,434 (June 30, 2023-$2,444 of a net impairment reversal) on stockpile ore, concentrate and supplies inventory was included in cost of sales.

As at June 30, 2024, the Company had $53,155 (December 31, 2023-$46,605) of inventory pledged as security for debt (Note 7).

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5. MINERAL PROPERTIES

Costs	Mineral Properties	Capitalized Stripping Costs	Exploration, Evaluation and Development	Plant & Equipment	Total
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	14,903	38,159	39,103	92,174
Change in estimates of future site reclamation provisions	(9,432)	-	-	-	(9,432)
Disposals and write down	-	-	-	(62)	(62)
Foreign exchange valuation	-	-	234	-	234
Balance June 30, 2024	$557,349	$183,428	$347,236	$856,725	$1,944,738

Accumulated depletion & depreciation & impairment losses	Mineral Properties	Capitalized Stripping Costs	Exploration, Evaluation and Development	Plant & Equipment	Total
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	4,629	6,785	-	23,020	34,434
Disposals and write down	-	-	-	(22)	(22)
Balance June 30, 2024	$185,031	$136,433	$1,637	$326,183	$649,284
Carrying Amount					
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 June 30, 2024	$372,318	$46,995	$345,599	$530,542	$1,295,454

At June 30, 2024, leased mobile equipment at cost of $20,039 (December 31, 2023-$16,118) and accumulated depreciation of $10,681 (December 31, 2023-$9,117) was included with plant and equipment.

At June 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.

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 13 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 June 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.

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

6. OTHER ASSETS

	June 30 2024	December 31 2023
Future site reclamation deposits	$14,416	$14,392
Non-current inventory – ore stockpile (Note 4)	20,727	13,446
Non-current inventory – supplies, including critical spare parts (Note 4)	8,701	9,101
	$43,844	$36,939

7. SHORT TERM DEBT

Amounts due for short term debt are:

	June 30 2024	December 31 2023
Credit Facility	$110,500	$103,500
Advanced Development Loan	67,509	29,130
	$178,009	$132,630

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

	Six Months Ended June 30 2024	Year Ended December 31 2023
Balance, beginning of period	$132,630	$101,000
Amounts advanced	65,879	63,130
Amount repaid	(20,500)	(31,500)
Balance, end of period	$178,009	$132,630

Credit Facility

At June 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 June 30, 2024, a total of $124,857 (December 31, 2023-$117,857) has been utilized, that consists of drawdowns in amount of $110,500 (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 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.

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8. NON-CURRENT DEBT

Amounts due for non-current debt are:

	June 30 2024	December 31 2023
Debentures	$188,409	$175,983
Equipment leases	5,931	4,031
Equipment loans	6,908	7,143
	201,248	187,157
Less portion due within one year	(6,698)	(74,014)
	$194,550	$113,143

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 due 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.

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

(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 is due September 1, 2024.

The movement of the debentures amounts are:

	Six Months Ended June 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	1,101	2,171
Balance, end of period	$188,409	$175,983

Equipment leases

The outstanding amount of equipment leases is $5,931 (December 31, 2022-$4,031) at weighted average interest rate of 4.24% with monthly payments of $298.

Contractual Lease Payments

	June 30 2024	December 31 2023
Due in less than one year	$3,565	$3,166
Due in one to three years	2,636	1,029
Total undiscounted lease liabilities, end of period	$6,201	$4,195

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 $261,637 (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 3.35% to 5.35% (December 31, 2023-2.96% to 4.96%). Obligations in the amount of $141,659 are expected to be settled in the years 2024 through 2053.

	Six Months Ended June 30, 2024	Year Ended December 31, 2023
Balance, beginning of period	$149,335	$130,021
Accretion	2,536	4,779
Change in estimates of future costs and discount rate	(9,432)	14,535
Balance, end of period	$142,439	$149,335

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.

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

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 June 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 six months ended June 30, 2024 the Company granted 100,000 stock options (June 30, 2023-245,000) at a weighted average exercise price of $2.40 (June 30, 2023-$2.00). The weighted average fair value for the options granted during the six months ended June 30, 2024 was $1.36 per option (June 30, 2023-$0.99), 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% (June 30, 2023-3.54%); expected dividend yield - $nil (June 30, 2023-$nil); expected stock price volatility - 67.47% (June 30, 2023-66.54%); expected option life - 5.8 years (June 30, 2023-4.2 years); and, estimated forfeiture rate - 5.00% (June 30, 2023-5.00%).

Movements in Share Options

The changes in share options were as follows:

	Six Months Ended June 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 June 30, 2024:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
$2.00	1,438,750	1.19	1,316,250	1.02
$2.40	1,205,000	3.59	276,250	3.42
$5.75	65,000	3.50	65,000	3.50
$8.00	936,000	1.43	936,000	1.43
	3,644,750	2.08	2,593,500	1.49

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

(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 June 30, 2024 all warrants remain outstanding.

11. COST OF SALES

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Operating expenses	$74,918	$83,081	$146,658	$167,380
Share based compensation expense	30	87	63	87
Depletion and depreciation	17,777	13,081	32,111	23,087
	$92,725	$96,249	$178,832	$190,554

Included in cost of sales for the three months ended June 30, 2024 is $1,866 of a net impairment reversal (three months ended June 30, 2023-$630 of a net impairment reversal) in relation to concentrate, stockpile and supplies inventory.

Included in cost of sales for the six months ended June 30, 2024 is $1,434 of a net impairment reversal (six months ended June 30, 2023-$2,444 of a net impairment reversal) in relation to concentrate, stockpile and supplies inventory.

12. INTEREST EXPENSE

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Interest and finance fees on debt:				
Convertible debentures (Note 8 (a))	$1,200	$1,196	$2,414	$2,372
Non-convertible debentures (Note 8 (b)-(g))	4,573	2,793	9,046	4,744
Equipment loans and leases (Note 8)	214	114	416	205
	5,987	4,103	11,876	7,321
Other interest and finance fees				
Credit facility (Note 7)	1,980	2,730	4,665	4,942
Advanced development loan (Note 7)	1,652	34	2,872	34
Other	1,055	581	1,806	1,108
	4,687	3,345	9,343	6,084
	10,674	7,448	21,219	13,405
Less: interest capitalized	(2,875)	(14)	(2,885)	(16)
	$7,799	$7,434	$18,334	$13,389

13. OTHER LOSS

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Accretion of future site reclamation provisions	$(1,289)	$(1,170)	$(2,536)	$(2,345)
Foreign exchange gain (loss)	215	21	702	(158)
	(1,074)	(1,149)	(1,834)	(2,503)
Interest income	1,054	240	1,459	702
	$(20)	$(909)	$(375)	$(1,801)

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

14. INCOME AND MINING TAX (EXPENSE) RECOVERY

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Current income and mining taxes	$(991)	$(116)	$(1,131)	$(435)
Deferred income and mining taxes	(6,728)	5,151	17	9,900
	$(7,719)	$5,035	$(1,114)	$9,465

15. EARNINGS (LOSS) PER SHARE

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Numerator:				
Net Income (loss)	$20,370	$(16,198)	$11,205	$(23,456)
Denominator:				
Basic weighted-average number of common shares outstanding	161,871,341	154,871,341	161,871,341	154,871,341
Effect of dilutive securities: stock options, warrants and convertible debentures	884,493	-	732,956	-
Diluted weighted-average number of common shared outstanding	162,755,834	154,871,341	162,604,297	154,871,341
Basic net income (loss) per common share	$0.13	$(0.10)	$0.07	$(0.15)
Diluted net income (loss) per common share	$0.13	$(0.10)	$0.07	$(0.15)

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 June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Stock Options	2,328,500	2,443,500	2,328,500	2,443,500
Warrants	-	6,056,250	-	6,056,250
Convertible debentures	14,687,500	14,687,500	14,687,500	14,687,500

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

16. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash operating working capital balances:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Trade and other receivables	$(5,766)	$8,064	$4,511	$14,794
Inventory	(2,355)	4,282	(10,374)	9,775
Prepaid expenses and deposits	(280)	(806)	376	(308)
Trade and other payables	5,790	3,297	5,307	(3,841)
Income and mining tax payable	991	117	1,131	435
	$(1,620)	$14,954	$951	$20,855

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

	June 30 2024	December 31 2023
Debentures (Note 8)	$139,380	$134,770
Advanced Development Loan (Note 7)	$67,509	$29,130
Interest accrued	$7,795	$4,571
Equipment rental trade receivables from Red Chris Joint Venture	$41	$40

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Equipment rental and revenue from Red Chris Joint Venture	$133	$235	$287	$424
Credit facility arrangement guarantee fee	$466	$374	$932	$744
Interest expense	$5,346	$2,608	$10,263	$4,564

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 $1,037 and $1,614 for the three and six months ended June 30, 2024, respectively (three and six months ended June 30, 2023-$417 and $828).

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

18. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. All of the Company's assets are located in Canada, except for assets comprised primarily of Sterling mine totalling $6,962 as at June 30, 2024 (December 31, 2023-$6,727) which is 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 June 30, 2024				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$47,357	$84,241	$190	$1,150	$132,938
Less inter-segment revenues	-	-	(57)	(1,150)	(1,207)
Revenues from external sources	$47,357	$84,241	$133	$ -	$131,731
Depletion and depreciation	$11,057	$6,583	$405	$ -	$18,045
Interest expense and other finance expense	$(3,099)	$(4,196)	$(176)	$(348)	$(7,819)
Net income (loss)	$1,716	$21,947	$(1,314)	$(1,979)	$20,370
Capital expenditures	$32,678	$22,975	$43	$243	$55,939
Total assets	$942,273	$260,853	$225,853	$51,845	$1,480,824
Total liabilities	$268,164	$115,160	$61,191	$308,326	$752,841

	Three Months Ended June 30, 2023				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$33,445	$52,079	$336	$907	$86,767
Less inter-segment revenues	-	-	(101)	(905)	(1,006)
Revenues from external sources	$33,445	$52,079	$235	$2	$85,761
Depletion and depreciation	$9,075	$3,869	$397	$ -	$13,341
Interest expense and other finance expense	$(4,367)	$(2,848)	$(353)	$(775)	$(8,343)
Net loss	$(11,012)	$(1,040)	$(1,203)	$(2,794)	$(16,049)
Capital expenditures	$32,509	$9,788	$16	$159	$42,472
Total assets	$850,998	$207,466	$231,549	$67,541	$1,357,554
Total liabilities	$215,992	$94,673	$67,095	$267,395	$645,155

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

	Six Months Ended June 30, 2024				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$82,494	$133,518	$410	$1,150	$217,572
Less inter-segment revenues	-	-	(123)	(1,150)	(1,273)
Revenues from external sources	$82,494	$133,518	$287	$ -	$216,299
Depletion and depreciation	$20,893	$10,944	$809	$ -	$32,646
Interest expense and other finance expense	$(9,162)	$(7,967)	$(742)	$(838)	$(18,709)
Net (loss) income	$(7,627)	$24,167	$(1,568)	$(3,767)	$11,205
Capital expenditures	$53,114	$38,725	$52	$283	$92,174
Total assets	$942,273	$260,853	$225,853	$51,845	$1,480,824
Total liabilities	$268,164	$115,160	$61,191	$308,326	$752,841

	Six Months Ended June 30, 2023				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$57,349	$120,649	$606	$908	$179,512
Less inter-segment revenues	-	-	(182)	(905)	(1,087)
Revenues from external sources	$57,349	$120,649	$424	$3	$178,425
Depletion and depreciation	$15,177	$7,636	$794	$ -	$23,607
Interest expense and other finance expense	$(7,946)	$(5,260)	$(708)	$(1,276)	$(15,190)
Net (loss) income	$(21,696)	$7,714	$(3,143)	$(6,177)	$(23,302)
Capital expenditures	$51,904	$14,549	$95	$259	$66,807
Total assets	$850,998	$207,466	$231,549	$67,541	$1,357,554
Total liabilities	$215,992	$94,673	$67,095	$267,395	$645,155

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

Location of Customers by Geographic Area

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Switzerland	$71,464	$44,881	$80,312	$100,000
United States of America	(2,522)	22,550	46,738	40,359
Singapore	43,813	-	43,813	-
United Kingdom	8,786	-	18,091	-
Philippines	8,639	-	17,243	(126)
China	842	18,093	9,222	37,765
Canada	709	237	880	427
	$131,731	$85,761	$216,299	$178,425

Revenues are attributed to geographic area based on country of customer. In the period ended June 30, 2024, the Company had 3 principal customers individually accounting for more than 10% each for a total 66% of revenues (June 30, 2023–4 principal customers individually accounting for more than 10% each for a total 90% 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 June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Copper	$86,265	$50,518	$140,447	$104,722
Gold	43,665	34,317	73,375	71,954
Silver	1,092	689	1,597	1,322
Other	709	237	880	427
	$131,731	$85,761	$216,299	$178,425

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.

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

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 six months ended June 30, 2024 would have been higher/lower by $1,552.

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 six months ended June 30, 2024 would have increased/decreased by $504.

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:

	Six Months Ended June 30, 2024		Six Months Ended June 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	5,904.8	$4.32	14,017.0	$3.76
Gold	5.5	$2,328	9.5	$1,921

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

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	Copper	Gold & Silver	Total	Copper	Gold & Silver	Total
Realized	$(254)	$227	$(27)	$792	47	839
Unrealized	(1,030)	140	(890)	(2,513)	1,887	(626)
Total	$(1,284)	$367	$(917)	$(1,721)	1,934	213

20. COMMITMENTS AND PLEDGES

At June 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	70,988
	$113,774

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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