Imperial Metals

Management's Discussion & Analysis

For the Three and Six Months Ended June 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation ("Imperial", the "Company", "we", "us" or "our") should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2024 (the "Interim Financial Statements"), as well as the audited consolidated financial statements and management's discussion & analysis for the year ended December 31, 2023. The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency of the Company is the Canadian ("CDN") Dollar.

Imperial is a Vancouver-based mining company active in the acquisition, exploration, development, mining and production of base and precious metals. The Company owns the Mount Polley and Huckleberry copper mines and holds a 30% interest in the Red Chris copper/gold mine. Imperial also maintains a large portfolio of greenfield exploration properties. Management continues to evaluate various opportunities to advance many of these properties.

Imperial's principal business registered and records office address is Suite 200, 580 Hornby Street, Vancouver, British Columbia V6C 3B6 Canada. The Company was incorporated under the British Columbia *Company Act*.

The Company is listed on The Toronto Stock Exchange, and its shares trade as symbol III. At August 12, 2024, the Company had 161,871,341 common shares outstanding, and, on a fully diluted basis, 186,259,841 common shares that are issuable on the conversion and exercise of outstanding common share purchase options and warrants.

Additional Company disclosure can be obtained from imperialmetals.com or sedarplus.com.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A is a review of the Company's operations and financial position, as at and for the three and six months period ended June 30, 2024, and plans for the future based on facts and circumstances as of August 12, 2024.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking information which is prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this MD&A includes, without limitation, statements regarding: the update of Mount Polley's Springer Pit mine plans to incorporate information collected from recent diamond drilling; installation at Mount Polley of a coarse ore stockpile cover, and a tailings thickener in the circuit to recycle water to the mill; the continuation of work to advance preparation for the feasibility study and required permitting approvals for Red Chris' planned Block Cave mine; the alignment of Red Chris underground development activities to the permitting schedule and the expectation that the Red Chris Nagha decline will be completed to the extraction level elevation by the end of 2024; the care and maintenance activities at the Huckleberry mine; capital expenditures; adequacy of funds for projects and liabilities; expectations regarding the date of maturity, interest payable and timing of non-convertible debentures; outcome and impact of litigation; potential claims and probability of material loss or judgment against the Company; cash flow; working capital requirements; the requirement for additional funding for capital projects; the ability for the Company to continue as a going concern, including sufficient funding of the Company's obligations as they come due; results and targets of operations, production, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates, including its impact on derivative instruments; volatility of the Company's income or loss from derivative instruments; liquidation of marketable securities; and the use of non-IFRS financial measures including adjusted net loss, adjusted EBITDA, cash earnings and cash cost per pound of copper.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including, but not limited to, assumptions that: the scope and duration of communicable disease outbreaks ("Outbreaks"), and their impact on our business will not be significant and the Company's operations will be able to return to normal as they subside; the Company will have access to capital as required and will be able to fulfill its funding obligations as the Red Chris minority joint venture partner; there are risks related to holding non-majority investment interests in the Red Chris mine Joint Venture; the Company will be able to advance and complete remaining planned rehabilitation activities within expected timeframes; there will be no significant delay or other material impact on the expected timeframes or costs for completion of rehabilitation of the Mount Polley and Huckleberry mines; the Company's rehabilitation activities at Mount Polley and Huckleberry will be successful in the long term; all required permits, approvals and arrangements to proceed with planned rehabilitation at Huckleberry will be obtained in a timely manner; there will be no material operational delays at the Red Chris and Mount Polley mines; there will be no material delay in the receipt of the Red Chris Block Cave Feasibility Study and subsequent, related expansion plans; equipment will operate as expected; there will not be significant power outages; there will be no material adverse change in the market price of commodities and exchange rates; and the Red Chris and Mount Polley mines will achieve expected production outcomes (including with respect to mined grades and mill recoveries and access to water as needed) with no material delays, shutdowns, property damage and/or loss as a result of climate change impacts, such as (but not limited to) those arising from wildfires, flooding and mudslides. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. We can give no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause Imperial's actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements constituting forward-looking information.

Important risks that could cause Imperial's actual results, revenues, performance or achievements to differ materially from Imperial's expectations include, among other things: the risk that the Company's beneficial interest of the Red Chris mine may be diluted over time should it not have access to capital as required and will not be able to meet its funding obligations as the Red Chris minority joint venture partner; the risk that the Red Chris Block Feasibility Study is not finalized in a timely manner or at all, thereby materially or indefinitely delaying anticipated Red Chris expansion plans; additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; risks relating to the timely receipt of necessary approvals and consents to proceed with the rehabilitation plan at Huckleberry; risks relating to mining operations and mine restart timelines; uncertainty regarding general economic conditions; uncertainty regarding the short-term and long-term impact of Outbreaks on the Company's operations and investments and on the global economy and metals prices generally, risks that Outbreaks may adversely impact copper and gold prices, our ability to transport or market our concentrate, cause disruptions in our supply chains and create volatility in commodity prices and demand; risks relating to the potential ineffectiveness of the measures taken in response to Outbreaks; risks associated with competition within the mining industry; the Company's dependency on third party smelters; risks relating to geopolitical instability and trade barriers; the quantum of claims, fines and penalties that may become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risks of protesting activity and other civil disobedience restricting access to the Company's properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest, power outages, climate change impacts, such as (but not limited to) those arising from wildfires, flooding and mudslides and other natural phenomena such as weather conditions and water shortages, negatively impacting the operation of the Red Chris and Mount Polley mines and potentially causing material delays, shutdowns, property damage and/or loss; changes in commodity and power prices; changes in market demand for our concentrate; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); uncertainty relating to mineral resource and mineral reserve estimates; uncertainty relating to production estimates; risks associated with mineral exploration and project development; fluctuations in exchange rates and interest rates; risks associated with permitting and government regulations; environmental and health and safety matters; risks relating to joint venture projects; risks relating to foreign operations; dependence on key management personnel; taxation risk; conflicts of interest; cyber threats and potential adverse impacts from the global incorporation of artificial intelligence and machine learning into business processes; credit risk related to cash, trade and other receivables, and future site reclamation deposits; risks relating to the use of derivative contracts and other hazards and risks disclosed within the "Risk Factors" section of the Company's Annual Information Form and the MD&A for the year ended December 31, 2023, and other public filings which are available on Imperial's profile at sedarplus.ca. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information.

Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.

SIGNIFICANT EVENTS AND LIQUIDITY

The Company's Interim 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 realize its assets and discharge its liabilities in the normal course as they come due. 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.

Significant events during the six months ended June 30, 2024

The Company extended its credit facility to February 21, 2025.

On March 1, 2024, the Company issued unsecured non-convertible debentures on a non-brokered private placement basis with an aggregate principal amount of $45.0 million. The debentures have a maturity date of November 1, 2025, and bear interest at a rate of 12% per annum, with interest paid semi-annually in cash. The first payment is due September 1, 2024.

On March 1, the Company repaid $43.7 million of the previously issued debentures.

On June 24, 2024 the Company amended certain terms of the unsecured non-convertible debentures which were issued on June 30, 2023 in the aggregate principal amount of $34.5 million. The debentures originally had a maturity date of July 1, 2024 and interest at a rate of 12.0% per annum, with interest paid semi-annually in cash. The debentures have been amended to extend the maturity date to November 1, 2025 and to include 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.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2023.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2023. 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.

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.

QUARTER HIGHLIGHTS

FINANCIAL

Total revenue was $131.7 million in the June 2024 quarter compared to $85.8 million in the 2023 comparative quarter.

In the June 2024 quarter, the Red Chris mine (100% basis) had 5.0 concentrate shipments (2023-3.6 concentrate shipments). Mount Polley mine had 2.0 concentrate shipments (2023-1.4 concentrate shipments).

Variations in revenue are impacted by the increased quantity of concentrate sold, timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The London Metals Exchange cash settlement copper price per pound averaged US$4.42 in the June 2024 quarter compared to US$3.85 in the 2023 comparative quarter. The LBMA (London Bullion Market Association) gold price per troy ounce averaged US$2,338 in the June 2024 quarter compared to US$1,978 in the 2023 comparative quarter. The average US/CDN Dollar exchange rate was 1.368 in the June 2024 quarter, 1.86% higher than the exchange rate of 1.343 in the June 2023 quarter. In CDN Dollar terms the average copper price in the June 2024 quarter was CDN$6.05 per pound compared to CDN$5.17 per pound in the 2023 comparative quarter, and the average gold price in the June 2024 quarter was CDN$3,199 per ounce compared to CDN$2,657 per ounce in the 2023 comparative quarter.

A negative revenue revaluation in the June 2024 quarter was $4.3 million as compared to a negative revenue revaluation of $8.2 million in the 2023 comparative quarter. Revenue revaluations are the result of the metal price on the settlement date and/or the current period balance sheet date being higher or lower than when the revenue was initially recorded or the metal price at the last balance sheet date and finalization of contained metal as a result of final assays and weights.

Net income for the June 2024 quarter was $20.4 million ($0.13 income per share) compared to net loss of $16.0 million ($0.10 loss per share) in the 2023 comparative quarter. The increase in net income of $36.4 million primarily due to the following factors:

- Income from mine operations went from a loss of $10.5 million in the June 2023 quarter to an income of $39.0 million in June 2024, increasing net income by $49.5 million
- Interest expense went from $7.4 million in June 2023 to $7.8 million in June 2024, reducing net income by $0.4 million, and
- Income and mining tax went from a recovery of $5.1 million in June 2023 to tax expense of $7.7 million on June 2024, reducing net income by $12.8 million.

Capital expenditures including leases were $55.9 million in the June 2024 quarter, an increase of $13.4 million from $42.5 million in the 2023 comparative quarter. The June 2024 quarter expenditures included $21.6 million in exploration and development, $15.4 million for tailings dam construction, $7.6 million on stripping costs, and $11.3 million of other capital.

At June 30, 2024, the Company had not hedged any copper, gold or US/CDN Dollar exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US/CDN Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

OPERATIONS

During the quarter ended June 30, 2024, Imperial's consolidated metal production was 15,500,912 pounds copper and 13,768 ounces gold, of which 9,281,498 pounds copper and 10,009 ounces gold were produced at Mount Polley and 6,219,414 pounds copper and 3,759 ounces gold from its 30% share of Red Chris mine production. Copper production was up 26% from the 12,353,259 million pounds copper produced in the first quarter 2024 and gold production was up 7% from the 12,861 ounces gold produced in the first quarter 2024.

Mount Polley Mine

Mount Polley metal production for the second quarter of 2024 was 9,281,498 pounds copper and 10,009 ounces gold, compared to 7,355,191 pounds copper and 10,009 ounces gold produced during the first quarter of 2024.

Mill throughput in the second quarter was up 3%, with 1.714 million tonnes being treated compared with 1.671 million tonnes treated in the first quarter of 2024. Copper production in the second quarter 2024 was up by 26% largely on higher copper grade, 0.294 % copper versus 0.251% copper in the first quarter of 2024.

For the first six months of 2024, copper production was up 21% compared to the same period last year with 20% increase in throughput while gold production was down 1%, with lower gold grades and recovery offsetting the higher throughput.

Tailings removal from the Springer Pit was completed in May 2024. Stripping for Phase 5 pushback of the Springer Pit continued, with most of the non-acid generating rock from this pushback being delivered to the tailings dam for buttress construction.

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Ore milled - *tonnes*	1,714,330	1,430,842	3,385,835	2,820,478
Ore milled per calendar day - *tonnes*	18,839	15,724	18,603	15,583
Grade % - copper	0.294	0.280	0.273	0.275
Grade g/t - gold	0.263	0.324	0.272	0.318
Recovery % - copper	83.4	79.9	81.6	80.5
Recovery % - gold	69.2	68.3	67.6	69.8
Copper - *000's pounds*	9,281	7,063	16,637	13,741
Gold - *ounces*	10,009	10,185	20,018	20,165

At Mount Polley, a diamond drilling program was completed in May, the information collected will be used to update mine plans for the Springer Pit . The program totalled 7,377 metres of drilling.

Exploration, development, and capital expenditures in the second quarter of 2024 were $23.0 million compared to $9.8 million in the 2023 comparative quarter.

Red Chris Mine

Red Chris production (100%) for the second quarter of 2024 was 20,731,379 pounds copper and 12,531 ounces gold compared to 16,660,225 pounds copper and 9,507 ounces gold during the first quarter of 2024. In the second quarter of 2024, copper production is up 24% compared to the first quarter of 2024.

The increase in copper production was a result of an 8% increase in copper grade (0.466% vs 0.431%) and a 19% increase in throughput. The throughput was 27,357 tonnes per day compared to 23,081 tonnes per day. Gold production in the second quarter 2024 was up 32% (12,531 oz vs 9,507 oz) compared to the first quarter 2024 as result of the increased gold grades (0.30 g/t gold vs 0.26 g/t gold) and higher throughput.

For the first six months of 2024, copper production was up 48% compared to the same period last year on higher copper grades and gold production was down 9% on lower gold grades.

Imperial's 30% portion of Red Chris mine for the second quarter of 2024 was 6,219,414 pounds copper and 3,759 ounces gold.

100% Red Chris mine production	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Ore milled - *tonnes*	2,489,532	2,357,656	4,589,886	4,448,428
Ore milled per calendar day - *tonnes*	27,357	25,908	25,219	24,577
Grade % - copper	0.466	0.348	0.450	0.337
Grade g/t - gold	0.302	0.343	0.284	0.328
Recovery % - copper	81.1	75.9	82.1	76.6
Recovery % - gold	51.8	52.6	52.6	51.5
Copper - *000's pounds*	20,731	13,729	37,392	25,319
Gold - *ounces*	12,531	13,680	22,038	24,176

Imperial's 30% share of exploration, development, and capital expenditures were $32.7 million in the June 2024 quarter compared to $32.5 million in the 2023 comparative quarter.

Several capital projects are underway to improve safety and site efficiency; a coarse ore stockpile cover is being installed, and a tailings thickener is being added to the circuit to recycle water to the mill along with other improvements.

Block Cave Project Update

The Red Chris Joint Venture permitting group continues work to advance the required permitting approvals for the planned Block Cave mine, and continues to work collaboratively with both Tahltan and British Columbia governments through the process.

Red Chris Block Cave feasibility study work is focused on permitting, capital cost estimate and schedule refinement to ensure accuracy and execution so that a definitive feasibility study can be delivered in advance of receiving final permitting for the block cave.

The underground development has continued with a total of 10,496 metres (including all vent drives) completed to the end of June 2024. The decline to access the extraction level (Nagha decline) had advanced 4,690 metres as of June 30, 2024, and was 84% complete. The portal for the conveyor decline has been established, and development work on the three conveyor declines has advanced 2,162 metres to the end of June 2024. Leg two of the conveyor decline was 65% complete by the end of the reporting quarter.

Underground development activities will be aligned to the permitting schedule with the Nagha decline expected to be completed to the extraction level elevation by the end of this year.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status.

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

For the June 2024 quarter, Huckleberry incurred idle mine costs comprised of $1.5 million in operating costs and $0.3 million in depreciation expense compared to $1.6 million in operating cost and $0.2 million in depreciation expense in the comparable quarter of 2023.

TECHNICAL INFORMATION

The technical and scientific information related to the Company's mineral projects has been reviewed and approved by Brian Kynoch, P.Eng., President of Imperial Metals, and a designated Qualified Person as defined by NI 43-101.

Jim Miller-Tait, P.Geo. Vice President Exploration with Imperial Metals, is the designated Qualified Person as defined by National Instrument 43-101 for the Red Chris, Mount Polley and Huckleberry mines exploration programs.

EARNINGS AND CASH FLOW

Select Quarter Financial Information

expressed in thousands of dollars, except share and per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Operations:				
Total revenues	$131,731	$85,761	$216,299	$178,425
Net income (loss)	$20,370	$(16,049)	$11,205	$(23,302)
Net income (loss) per share	$0.13	$(0.10)	$0.07	$(0.15)
Diluted income (loss) per share	$0.13	$(0.10)	$0.07	$(0.15)
Adjusted net income (loss) [1]	$20,294	$(16,056)	$11,129	$(23,311)
Adjusted net income (loss) per share [1]	$0.13	$(0.10)	$0.07	$(0.15)
Adjusted EBITDA [1]	$55,063	$927	$65,342	$6,850
Cash earnings [1][2]	$54,153	$1,270	$64,454	$6,674
Cash earnings per share [1][2]	$0.33	$0.01	$0.40	$0.04
Working capital deficiency	$(137,108)	$(103,022)	$(137,108)	$(103,022)
Total assets	$1,480,824	$1,357,554	$1,480,824	$1,357,554
Total debt (including current portion)	$379,257	$277,002	$379,257	$277,002

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

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

NON-IFRS FINANCIAL MEASURES

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

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

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) Per Share

Adjusted net income (loss) is derived from operating net income (loss) by removing the gains or loss, resulting from acquisition and disposal of property, mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax and other non-recurring items. Adjusted net income in the June 2024 quarter was $20.3 million ($0.13 income per share) compared to an adjusted net loss of $16.1 million ($0.10 loss per share) in the 2023 comparative quarter. We believe that the presentation of Adjusted Net Income (Loss) helps investors better understand the results of our normal operating activities and the ongoing cash generating potential of our business as further detailed below.

Calculation of Adjusted Net Income (Loss)

expressed in thousands of dollars, except share and per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Net income (loss)	$20,370	$(16,049)	$11,205	$(23,302)
Gain on disposal of mineral properties, net of tax	(76)	(4)	(76)	(4)
Foreign exchange gain on debt	-	(3)	-	(5)
Total Adjusted Net Income (Loss)	$20,294	$(16,056)	$11,129	$(23,311)
Basic weighted average number of common shares outstanding	161,871,341	154,871,341	161,871,341	154,871,341
Total Adjusted Net Income (Loss) Per Share	$0.13	$(0.10)	$0.07	$(0.15)

Adjusted EBITDA

Adjusted EBITDA in the June 2024 quarter was $55.1 million compared to an adjusted EBITDA of $0.9 million in the 2023 comparative quarter. We define Adjusted EBITDA as net income before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items described in the following reconciliation table.

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

Adjusted EBITDA is not a measurement of operating performance or liquidity under IFRS and should not be considered as a substitute for earnings from operations, net income or cash generated by operating activities computed in accordance with IFRS. Adjusted EBITDA has limitations as an analytical tool and therefore Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

A reconciliation of net loss to Adjusted EBITDA is as follows:

expressed in thousands of dollars	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Net Income (loss)	$20,370	$(16,049)	$11,205	$(23,302)
Adjustments:				
Income and mining tax expense (recovery)	7,719	(5,035)	1,114	(9,465)
Interest expense	7,799	7,434	18,334	13,389
Depletion and depreciation	18,045	13,341	32,646	23,607
Accretion of future site reclamation provisions	1,289	1,170	2,536	2,345
Share based compensation	160	93	313	124
Foreign exchange (gain) loss	(215)	(21)	(702)	158
Gain on disposal of mineral properties	(104)	(6)	(104)	(6)
Total Adjusted EBITDA	$55,063	$927	$65,342	$6,850

Cash Earnings and Cash Earnings Per Share

Cash earnings in the June 2024 quarter was $54.2 million compared to $1.3 million in the 2023 comparative quarter. Cash earnings per share was $0.33 in the June 2024 quarter compared to $0.01 in the 2023 comparative quarter.

Cash earnings and cash earnings per share are measures used by the Company to evaluate its performance however they are not terms recognized under IFRS. We believe that the presentation of cash earnings and cash earnings per share is appropriate to provide additional information to investors about how well the Company can earn cash to pay its debts and manage its operating expenses and investment. Cash earnings is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes paid, and interest paid. Cash earnings per share is the same measure divided by the weighted average number of common shares outstanding during the year.

Expressed in thousands of dollars, except per share and per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Net income (loss)	$20,370	$(16,049)	$11,205	$(23,302)
Items not affecting cash earnings:				
Deferred mining and income tax expense (recovery)	6,728	(5,151)	(17)	(9,900)
Interest expense	7,799	7,434	18,334	13,389
Depletion and depreciation	18,045	13,341	32,646	23,607
Accretion of future site reclamation provisions	1,289	1,170	2,536	2,345
Share based compensation	160	93	313	124
Unrealized foreign exchange (gain) loss	(134)	438	(459)	417
Gain on disposal of mineral properties	(104)	(6)	(104)	(6)
Total Cash Earnings	$54,153	$1,270	$64,454	$6,674
Basic weighted average number of common shares outstanding	161,871,341	154,871,341	161,871,341	154,871,341
Total Cash Earnings Per Share	$0.33	$0.01	$0.40	$0.04

Cash Cost Per Pound of Copper Produced

Management uses this non-IFRS financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper mines, Red Chris (30% share), Mount Polley and Huckleberry, and on a composite basis for these mines.

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

Cash costs of production include direct labour, operating materials and supplies, equipment and mill costs, and applicable overhead. Off-site costs include transportation, warehousing, marketing, related insurance and treatment and refining costs for smelting and refining concentrate.

Treatment and refining costs applicable to the concentrate produced during the period are calculated in accordance with the contracts the Company has with its customers.

By-product and other revenues represent (i) revenue calculated based on average metal prices for by-products produced during the period based on contained metal in the concentrate; and (ii) other revenues as recorded during the period.

Cost of sales, as reported on the consolidated statement of comprehensive loss, includes depletion and depreciation, and share based compensation, non-cash items. The resulting cash costs are different than the cost of production because of changes in inventory levels and therefore inventory and related transportation and offsite costs are adjusted from a cost of sales basis to a production basis. The cash costs for copper produced are converted to US$ using the average US$ to CDN$ exchange rate for the period divided by the pounds of copper produced to obtain the cash cost per pound of copper produced in US$.

Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: grade, metal recoveries, amount of stripping charged to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US$ to CDN$ exchange rate and the amount of copper produced.

The following tables reconcile cost of sales as shown on the consolidated statement of comprehensive loss to the cash cost per pound of copper produced in US$ for the three and six months ended June 30, 2024 and 2023.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended June 30, 2024		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	$49,530	$43,195	$92,725
Less:			
Depletion and depreciation	(6,583)	(11,194)	(17,777)
Share based compensation	(30)	-	(30)
Cash costs before adjustment to production basis	42,917	32,001	74,918
Adjust for inventory change	(2,019)	1,697	(322)
Adjust transportation and offsite costs	(232)	(60)	(292)
Adjust for other costs	(435)	-	(435)
Treatment, refining and royalty costs	2,557	2,123	4,680
By-product and other revenues	(32,369)	(11,559)	(43,928)
Cash cost of copper produced in CDN$	$10,419	$24,202	$34,621
US$ to CDN$ exchange rate	*1.368*	*1.368*	*1.368*
Cash cost of copper produced in US$	$7,614	$17,686	$25,300
Copper produced – 000's pounds	9,281	6,219	15,500
Cash cost per lb copper produced in US$	$0.82	$2.84	$1.63

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended June 30, 2023		
	Mount Polley	Red Chris	Composite
	B	A	C=A+B
Cost of sales	$50,156	$46,093	$96,249
Less:			
Depletion and depreciation	(3,869)	(9,212)	(13,081)
Share based compensation	(87)	-	(87)
Cash costs before adjustment to production basis	46,200	36,881	83,081
Adjust for inventory change	451	(5,323)	(4,872)
Adjust transportation and offsite costs	(7)	(933)	(940)
Adjust for other costs	331	1,453	1,784
Treatment, refining and royalty costs	2,205	2,173	4,378
By-product and other revenues	(26,715)	(10,584)	(37,299)
Cash cost of copper produced in CDN$	$22,465	$23,667	$46,132
US$ to CDN$ exchange rate	*1.343*	*1.343*	*1.343*
Cash cost of copper produced in US$	$16,727	$17,623	$34,350
Copper produced – 000's pounds	7,063	4,119	11,182
Cash cost per lb copper produced in US$	$2.37	$4.28	$3.07

Calculation of Cash Cost Per Pound of Copper Produced

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

	Six Months Ended June 30, 2024		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	$92,330	$86,502	$178,832
Less:			
Depletion and depreciation	(10,944)	(21,167)	(32,111)
Share based compensation	(63)	-	(63)
Cash costs before adjustment to production basis	81,323	65,335	146,658
Adjust for inventory change	1,357	2,936	4,293
Adjust transportation and offsite costs	289	(227)	62
Adjust for other costs	(463)	-	(463)
Treatment, refining and royalty costs	4,754	3,661	8,415
By-product and other revenues	(59,901)	(19,253)	(79,154)
Cash cost of copper produced in CDN$	$27,359	$52,452	$79,811
US$ to CDN$ exchange rate	*1.359*	*1.359*	*1.359*
Cash cost of copper produced in US$	$20,138	$38,607	$58,745
Copper produced – 000's pounds	16,637	11,217	27,853
Cash cost per lb copper produced in US$	$1.21	$3.44	$2.11

Calculation of Cash Cost Per Pound of Copper Produced

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

	Six Months Ended June 30, 2023		
	Mount Polley	Red Chris	Composite
	B	A	C=A+B
Cost of sales	$107,240	$83,314	$190,554
Less:			
Depletion and depreciation	(7,636)	(15,451)	(23,087)
Share based compensation	(87)	-	(87)
Cash costs before adjustment to production basis	99,517	67,863	167,380
Adjust for inventory change	(8,191)	(3,905)	(12,096)
Adjust transportation and offsite costs	(332)	(732)	(1,064)
Adjust for other costs	1,192	1,453	2,645
Treatment, refining and royalty costs	4,221	3,821	8,042
By-product and other revenues	(52,001)	(18,221)	(70,222)
Cash cost of copper produced in CDN$	$44,406	$50,279	$94,685
US$ to CDN$ exchange rate	*1.348*	*1.348*	*1.348*
Cash cost of copper produced in US$	$32,954	$37,313	$70,267
Copper produced – 000's pounds	13,741	7,596	21,337
Cash cost per lb copper produced in US$	$2.40	$4.91	$3.29

RESULTS FROM OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2024 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2023

Overview

Revenues were $131.7 million in the June 2024 quarter compared to $85.8 million in the 2023 comparative quarter. Variations in revenue are impacted by increased quantity of concentrate sold, timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

Net income for the June 2024 quarter was $20.4 million ($0.13 income per share) compared to net loss of $16.0 million ($0.10 loss per share) in the 2023 comparative quarter. The increase in net income of $36.4 million primarily due to the following factors:

- Income from mine operations went from a loss of $10.5 million in the June 2023 quarter to an income of $39.0 million in June 2024, increasing net income by $49.5 million
- Interest expense went from $7.4 million in June 2023 to $7.8 million in June 2024, reducing net income by $0.4 million, and
- Income and mining tax went from a recovery of $5.1 million in June 2023 to tax expense of $7.7 million on June 2024, reducing net income by $12.8 million.

The average US/CDN Dollar exchange rate in the June 2024 quarter was 1.368 compared to an average of 1.343 in the 2023 comparative quarter.

Revenue

	Three Months Ended June 30	
	2024	2023
Quantities sold – contained metal		
Copper – *000's pounds*	15,970	12,163
Gold – *ounces*	14,691	15,239
Silver – *ounces*	37,798	28,953

	Three Months Ended June 30	
	2024	2023
	(000's)	(000's)
Revenue		
Copper	$86,265	$50,518
Gold	43,665	34,317
Silver	1,092	689
	131,022	$85,524
Corporate	709	237
Total Revenue	$131,731	$85,761

During the June 2024 quarter, the Company sold 16.0 million pounds copper and 14,691 ounces gold compared to 12.2 million pounds copper and 15,239 ounces gold in the 2023 comparative quarter.

In the June 2024 quarter, the Red Chris mine (100% basis) had 5.0 concentrate shipments (2023-3.6 concentrate shipments), Mount Polley had 2.0 concentrate shipments (2023-1.4 concentrate shipments).

Copper accounted for 65.5% and gold accounted for 33.1% of the Company's revenue during the June 2024 quarter (58.9% and 40.0% accordingly in June 2023 quarter).

Cost of Sales

	Three Months Ended June 30	
	2024	2023
	(000's)	(000's)
Operating expenses	$74,918	$83,081
Share based compensation expense	30	87
Depletion and depreciation	17,777	13,081
	$92,725	$96,249

Cost of sales for the June 2024 quarter was $92.7 million compared to $96.3 million in the 2023 comparative quarter:

- operating expenses for the June 2024 quarter were $74.9 million compared to $83.2 million in the June 2023 quarter, and
- depletion and depreciation for the June 2024 quarter was $17.8 million compared to $13.1 million in the June 2023 quarter.

Interest Expense

Interest expense was $7.8 million in the June 2024 quarter compared to $7.4 million in the 2023 comparative quarter.

	Three Months Ended June 30	
	2024	2023
	(000's)	(000's)
Interest and finance fees on debt:		
Convertible debentures	$1,200	$1,196
Non-convertible debentures	4,573	2,793
Equipment loans and leases	214	114
	5,987	4,103
Other interest and finance fees		
Credit facility	1,980	2,730
Advanced development loan	1,652	34
Other	1,055	581
	4,687	3,345
	10,674	7,448
Less: interest capitalized	(2,875)	(14)
	$7,799	$7,434

Other Loss

Other loss was $Nil in the June 2024 quarter compared to other loss of $0.9 million in the 2023 comparative quarter.

	Three Months Ended June 30	
	2024	2023
	(000's)	(000's)
Accretion of future site reclamation provisions	$(1,289)	$(1,170)
Foreign exchange income	215	21
	(1,074)	(1,149)
Interest income	1,054	240
	$(20)	$(909)

RESULTS FROM OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2024 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2023

Overview

Revenues increased to $216.3 million during six months ended June 30, 2024 period compared to $178.4 million in the 2023 comparative period, an increase of $37.9 million or 21.2%. Variations in revenue are impacted by the increase in the quantity of the concentrate sold, timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

Net income for six months ended June 30, 2024 period was $11.2 million ($0.07 income per share) compared to net loss of $23.3 million ($0.15 loss per share) in the 2023 comparative period. The increase in net income of $34.5 million is primarily due to the following factors:

- Mine operations went from a loss of $12.1 million during six months ended June 30, 2023 to income of $37.5 million in June 2024 period, increasing net income by $49.6 million
- Interest expense increased from $13.4 million during six months ended June 30, 2023 to $18.3 million in June 2024 period, reducing net income by $4.9 million, and
- Tax recovery went from $9.5 million in June 2023 period to tax expense of $1.1 million in June 2024 period, decreasing net income by $10.6 million.

The average US/CDN Dollar exchange rate in the June 2024 period was $1.359 compared to an average of 1.348 in the 2023 comparative period.

Revenue

	Six Months Ended June 30	
	2024	2023
Quantities sold – contained metal		
Copper – *000's pounds*	27,625	22,665
Gold – *ounces*	26,022	29,628
Silver – *ounces*	62,308	53,169

	Six Months Ended June 30	
	2024	2023
	(000's)	(000's)
Revenue		
Copper	$140,447	$104,722
Gold	73,375	71,954
Silver	1,597	1,322
	215,419	177,998
Corporate	880	427
Total Revenue	$216,299	$178,425

During the June 2024 period, the Company sold 27.6 million pounds copper and 26,022 ounces gold compared to 22.7 million pounds copper and 29,628 ounces gold in the June 2023 comparative period.

In the June 2024 period, the Red Chris mine (100% basis) had 9 concentrate shipments (2023-6 concentrate shipments), and Mount Polley mine had 3.3 shipments (2023-2.8 concentrate shipments).

Copper accounted for 64.9% and gold accounted for 33.9% of the Company's revenue during six months ended June 30, 2024 (2023-58.7% and 40.3% accordingly).

Cost of Sales

	Six Months Ended June 30	
	2024	2023
	(000's)	(000's)
Operating expenses	$146,658	$167,380
Share based compensation expense	63	87
Depletion and depreciation	32,111	23,087
	$178,832	$190,554

Cost of sales for the June 2024 period was $178.8 million compared to $190.6 million in the June 2023 comparative period:

- operating expenses for the June 2024 period were $146.7 million compared to $167.4 million in the June 2023 period, and
- depletion and depreciation for the June 2024 period was $32.1 million compared to $23.1 million in the June 2023 period.

Interest Expense

Interest expense was $18.3 million for the June 2024 period compared to $13.4 million in the June 2023 comparative period.

	Six Months Ended June 30	
	2024	2023
	(000's)	(000's)
Interest and finance fees on debt:		
Convertible debentures	$2,414	$2,372
Non-convertible debentures	9,046	4,744
Equipment loans and leases	416	205
	11,876	7,321
Other interest and finance fees		
Credit facility	4,665	4,942
Advanced development loan	2,872	34
Other	1,806	1,108
	9,343	6,084
	21,219	13,405
Less: interest capitalized	(2,885)	(16)
	$18,334	$13,389

Other Loss

Other loss totalled $0.4 million in the June 2024 period compared to $1.8 million in the June 2023 comparative period.

	Six Months Ended June 30	
	2024	2023
	(000's)	(000's)
Accretion of future site reclamation provisions	$(2,536)	$(2,345)
Foreign exchange income (loss)	702	(158)
	(1,834)	(2,503)
Interest income	1,459	702
	$(375)	$(1,801)

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 Company's overall strategy remains unchanged from 2023. The capital structure of the Company consists of short term and long term debt and equity comprised of share capital, contributed surplus, currency translation adjustment and retained earnings.

LIQUIDITY & CAPITAL RESOURCES AND FINANCING

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.

The Company sells to a limited number of traders and smelters. These customers are large and well-capitalized, and credit risk is considered to be minimal. The balance of trade receivables owed to the Company in the ordinary course of business is significant and the Company utilizes short term debt facilities with customers to reduce the net credit exposure.

From time to time the Company enters into derivative instruments with a number of counterparties to limit the amount of credit risk associated with any one counterparty. The Company did not enter into any derivative instruments during the period ended June 30, 2024.

Liquidity Risk

The Company has in place a rigorous planning and budgeting process 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.

At June 30, 2024, the Company had a working capital deficiency of $137.1 million, including a cash balance of $43.4 million which compares to a working capital deficiency of $167.6 million and cash balance of $24.9 million at December 31, 2023.

The Company had a $125.0 million revolving credit facility on June 30, 2024 (December 31, 2023-$125.0). A total of $124.9 million (December 31, 2023-$117.9 million) has been utilized through drawdowns in amount of $110.5 million (December 31, 2023-$103.5 million and $14.4 million (December 31, 2023-$14.4 million) for letters of credit pledged for settlement of future site reclamation provisions and other obligations.

Cash balances on hand, the projected cash flow from the Company's 30% share of Red Chris mine, the projected cash flow from the Mount Polley mine and the available credit facility are expected to be sufficient to fund the Company's ongoing operating obligations as they come due. The Company will be required to raise additional funds for capital projects through such methods as additional equity, additional debt and the monetization of assets.

The Company holds mineral properties and greenfield exploration projects. 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. Therefore, as part of the Company's planning, budgeting and liquidity analysis process, these items are not relied upon to provide operational liquidity.

Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company, although the Company considers this risk low as described in the *Credit Risk* section above.

The following is an aging of the Company's obligations as of the end of June 30, 2024:

	Within 1 Year	2 Years	3 Years	4 Years	5 years	June 30 2024 Total	December 31 2023 Total
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Trade and other payables	$89,139	$500	$500	$500	$3,500	$94,139	$85,657
Short term debt	178,009	-	-	-	-	178,009	132,630
Current portion of long term debt	6,698	-	-	-	-	6,698	74,014
Long term debt	-	103,905	50,150	47,006	-	201,061	120,755
Total	$273,846	$104,405	$50,650	$47,506	$3,500	$479,907	$413,056

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 $1.5 million.

Interest Rate Risk

The Company is exposed to interest rate risk on its credit facilities. 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 for the six months ended June 30, 2024 would have increased/decreased by $0.5 million.

Other Price Risks

The Company is exposed to equity price risk arising from marketable securities. Marketable securities are classified as held for trading because the Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities.

Cash Earnings

Cash earnings was $54.2 million in the June 2024 quarter compared to $1.3 million in the 2023 comparative quarter. Cash earnings was $64.5 million for the six months ended June 30, 2024 ($6.7 million in the comparative 2023 period). Refer to *Cash Earnings and Cash Earnings Per Share* under *Non-IFRS Financial Measures* for further details.

Working Capital

At June 30, 2024, the Company had a working capital deficiency of $137.1 million, including a cash balance of $43.3 million and $184.7 million of current debt which compares to a working capital deficiency of $167.6 million, including cash balance of $24.9 million at December 31, 2023, which included $206.6 million of current debt.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties, including leases and equipment loans, totalled $55.9 million in the June 2024 quarter compared to $42.5 million in the June 2023 quarter.

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
	(000's)	(000's)	(000's)	(000's)
Capital Expenditures				
Red Chris	$12,621	$21,739	$17,037	$32,947
Mount Polley	21,663	$8,839	36,950	13,464
Huckleberry	20	-	20	-
	34,304	30,578	54,007	46,411
Exploration and Development Expenditures				
Red Chris	20,057	10,770	36,077	18,957
Mount Polley	1,312	949	1,775	1,085
Huckleberry	23	16	32	95
Other	243	159	283	259
	21,635	11,894	38,167	20,396
	$55,939	$42,472	$92,174	$66,807

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.

DERIVATIVE INSTRUMENTS

In the past, the Company has utilized a variety of derivative instruments including the purchase of puts, forward sales, currency swaps and the use of min/max zero cost collars. The Company's income or loss from derivative instruments may be very volatile from period to period as a result of changes in the copper and gold prices and US/CDN exchange rates compared to the copper and gold prices and US/CDN exchange rate at the time when these contracts were entered into or the latest balance sheet date and the type and length of time to maturity of the contracts.

The Company had no derivative instruments for copper, gold, or foreign exchange at June 30, 2024 or at the date of this document, other than those embedded in revenue contracts for provisional pricing.

DEBT AND OTHER OBLIGATIONS

At June 30, 2024, the Company's debt was comprised of $110.5 million drawdowns of revolving credit facility, $188.4 million of debentures, $67.5 million of advanced development loan, equipment loans and leases with a balance of $12.8 million. Detailed disclosure on the Company's debt including amounts owed, interest rates and security can be found in Note 7 and 8 of the condensed consolidated interim financial statements.

Off-Balance Sheet Arrangements

At June 30, 2024, the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

SELECT QUARTERLY FINANCIAL INFORMATION

Unaudited - expressed in thousands of dollars, except per share amounts, prices, and exchange rates

	Three Months Ended			
	June 30 2024	March 31 2024	December 31 2023	September 30 2023
Total revenues	$131,731	$84,568	$87,545	$78,485
Net income (loss)	$20,370	$(9,165)	$(10,502)	$(2,911)
Basic income (loss) per share	$0.13	$(0.06)	$(0.06)	$(0.02)
Diluted income (loss) per share	$0.13	$(0.06)	$(0.06)	$(0.02)
Adjusted net income (loss) (1)	$20,294	$(9,165)	$(9,826)	$(2,955)
Adjusted net income (loss) per share (1)	$0.13	$(0.06)	$(0.06)	$(0.02)
Adjusted EBITDA (1)	$55,063	$10,279	$7,543	$10,483
Cash earnings (1)	$54,153	$10,301	$7,042	$9,841
Cash earnings per share (1)	$0.33	$0.06	$0.04	$0.06
Average LME copper price/lb in US$	$4.42	$3.83	$3.71	$3.79
Average LBMA gold price/troy oz in US$	$2,338	$2,072	$1,976	$1,929
Average US$/CDN$ exchange rate	1.368	1.349	1.362	1.341
Period end US$/CDN$ exchange rate	1.369	1.355	1.323	1.352

	June 30 2023	March 31 2023	December 31 2022	September 30 2022
Total revenues	$85,761	$92,664	$61,600	$41,688
Net loss	$(16,049)	$(7,253)	$(11,832)	$(27,943)
Basic loss per share	$(0.10)	$(0.05)	$(0.08)	$(0.18)
Diluted loss per share	$(0.10)	$(0.05)	$(0.08)	$(0.18)
Adjusted net loss (1)	$(16,056)	$(7,255)	$(19,148)	$(27,990)
Adjusted net loss per share (1)	$(0.10)	$(0.05)	$(0.12)	$(0.18)
Adjusted EBITDA (1)	$927	$5,923	$(13,766)	$(13,035)
Cash earnings (1)	$1,270	$5,404	$(3,881)	$(12,531)
Cash earnings per share (1)	$0.01	$0.03	$(0.03)	$(0.08)
Average LME copper price/lb in US$	$3.85	$4.05	$3.63	$3.51
Average LBMA gold price/troy oz in US$	$1,978	$1,888	$1,729	$1,729
Average US$/CDN$ exchange rate	1.343	1.352	1.358	1.306
Period end US$/CDN$ exchange rate	1.324	1.353	1.354	1.371

(1) Refer to tables under heading *Non-IFRS Financial Measures* for details of the calculation of these amounts.

The financial information for each of the most recently completed eight quarters has been prepared in accordance with IFRS other than in respect of the non-IFRS financial measures described in more detail under *Non-IFRS Financial Measures*.

Variations in the quarterly results are impacted by two primary factors:

(a) Fluctuations in revenue are due to the timing of shipping schedules and quantities of copper and gold sold on each ship, production volumes at the mines, changes in the price of copper and gold, and the US/CDN exchange rate.

(b) Fluctuations in net income are due to the revenue changes described above and realized and unrealized gains/losses on derivative instruments based on movements in the reference item hedged, changes in foreign exchange rates on US$ denominated debt, changes in production cost inputs and changes in tax rates.

In addition to the variations in quarterly results caused by the primary factors discussed above the following periods had non-recurring transactions that further impacted net income (loss):

(a) The primary reason for the decrease in net loss in the December 2022 quarter compared to the September 2022 quarter was due to Mount Polley returning to full operations.

(b) The primary reason for the decrease in net loss in the March 2023 quarter compared to the December 2022 quarter was due to increased revenue at the Mount Polley mine.

(c) The primary reason for the increase in net loss in the June 2023 quarter compared to the March 2023 quarter was due to decrease in revenue at the Mount Polley mine, increase in operating costs in the Red Chris mine and an increase in interest expense.

(d) The primary reason for the decrease in net loss in the September 2023 quarter compared to the June 2023 quarter was due to a decrease in operating costs at both Red Chris and Mount Polley.

(e) The primary reason for the increase in net loss in the December 2023 quarter compared to the September 2023 quarter was due to higher production cost and lower tax recovery. Compared to the December 2022 quarter, net loss decreased primarily due to significant reduction in loss from mining operations, which was slightly offset by increase in interest expense in December 2023 quarter.

(f) The slight improvement in net loss in March 2024 quarter compared to December 2023 quarter was due to decrease in loss from mine operations and idle mine costs, which was slightly offset by the increase in interest expense.

(g) The primary reason for the increase in net income in the June 2024 quarter compared to March 2024 quarter was the increase in revenue at the Mount Polley and Red Chris mines, which was slightly offset by the increase in income tax expense versus income tax recovery in the March 2024 quarter.

RELATED PARTY TRANSACTIONS

Corporate

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 (000's)	December 31 2023 (000's)
Debentures	$139,380	$134,770
Advanced Development Loan	$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 (000's)	2023 (000's)	2024 (000's)	2023 (000's)
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.

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).

MANAGING RISKS

Risks and Uncertainties

The Company's business activities are subject to a variety and wide range of inherent risks and uncertainties. Any of these risks could have an adverse effect on the Company, its business and prospects, and could cause actual outcomes and results to differ materially from those described in forward-looking statements relating to the Company.

For additional discussion on Imperial's risks, refer to the "Risk Factors" section of the Company's Annual Information Form ("AIF") for the year ended December 31, 2023 and the "Cautionary Statement on Forward-Looking Information" of this MD&A.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. At the end of the period covered by this MD&A, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this MD&A, the disclosure controls were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and disclosure controls and procedures. The Company's internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting at June 30, 2024. In making this assessment, management used the criteria set forth in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of June 30, 2024, the Company's internal control over financial reporting were effective.

As the Company holds 30% interest in the Red Chris mine since August 15, 2019, the Company's management has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies, and procedures of the Red Chris mine, in which the Company now holds a 30% beneficial interest and is proportionately consolidated in the Company's consolidated financial statements. As the minority partner in the Red Chris Joint Venture, the Company's management does not have the ability to dictate or modify controls at this entity and does not have the ability to assess, in practice, the controls at the entity. The Red Chris Joint Venture constitutes 92.6% of the Company's net assets, 63.6% of total assets and 38.1% of revenues of the consolidated financial statement amounts as of and for the period ended June 30, 2024. The Red Chris Joint Venture is not a taxable entity as each joint venture participant calculates its own income taxes on its share of income from the joint venture. The Company's share of the Red Chris Joint Venture's pre-tax loss totalled $13.3 million for the period ended June 30, 2024.

Limitations

The Company's management believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well designed and operated, can only provide reasonable and not absolute assurance that the objectives of the control system are met. Therefore, even those systems determined effective cannot provide absolute assurance that all control issues and instances of fraud within the Company, if any, have been prevented or detected.

Imperial Metals Corporation
200-580 Hornby Street
Vancouver, BC V6C 3B6

imperialmetals.com

604.669.8959 | inquiries@imperialmetals.com