Imperial Metals

Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2025

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2025 and December 31, 2024

expressed in thousands of Canadian dollars

	Notes	March 31 2025	December 31 2024
ASSETS			
Current assets			
Cash and cash equivalents		$43,951	$58,116
Trade and other receivables	3	47,308	30,133
Inventory	4	89,156	85,466
Prepaid expenses and deposits		5,211	6,024
		185,626	179,739
Mineral properties	5	1,458,422	1,431,063
Non-current inventory	4	49,482	41,515
Reclamation deposits		416	416
Deferred income tax assets		3,566	5,148
		$1,697,512	$1,657,881
LIABILITIES			
Current liabilities			
Trade and other payables	6	$97,363	$97,475
Taxes payable		2,773	2,284
Short term debt	7	129,451	167,963
Current portion of long term debt	8	109,339	109,560
		338,926	377,282
Long term debt	8	94,260	95,328
Non-current trade payables		3,284	3,212
Future site reclamation provisions	9	234,504	217,242
Deferred income tax liabilities		161,179	141,182
		832,153	834,246
EQUITY			
Share capital	10	437,522	437,043
Contributed surplus		49,925	50,010
Currency translation adjustment		8,467	8,474
Retained earnings		369,445	328,108
		865,359	823,635
		$1,697,512	$1,657,881
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 May 12, 2025

/s/ Larry G. Moeller — Director

/s/ J. Brian Kynoch — Director

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

For the Three Months Ended March 31, 2025 and 2024

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

	Notes	Three Months Ended March 31 2025	2024
Revenue		$176,619	$84,568
Cost of Sales	11	(98,315)	(86,107)
Income (Loss) from Mine Operations		78,304	(1,539)
General and Administration		(1,901)	(1,395)
Idle Mine Costs		(2,155)	(1,946)
Interest Expense, Net	12	(8,123)	(10,130)
Other Loss	13	(1,520)	(760)
Income (Loss) before Taxes		64,605	(15,770)
Income and Mining Tax (Expense) Recovery	14	(23,268)	6,605
Net Income (Loss)		41,337	(9,165)
Other Comprehensive Income (Loss)			
Items that may be subsequently reclassified to profit or loss:			
Currency translation adjustment		(7)	164
Total Comprehensive Income (Loss)		$41,330	$(9,001)
Income (Loss) Per Share			
Basic	16	$0.26	$(0.06)
Diluted	16	$0.25	$(0.06)
Weighted Average Number of Common Shares Outstanding			
Basic	16	161,890,963	161,871,341
Diluted	16	162,439,349	161,871,341

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2025 and 2024

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, 2023	161,871,341	$437,043	$49,458	$7,883	$221,847	$716,231
Share based compensation expense	-	-	153	-	-	153
Total comprehensive loss	-	-	-	164	(9,165)	(9,001)
Balance March 31, 2024	161,871,341	$437,043	$49,611	$8,047	$212,682	$707,383
Balance December 31, 2024	161,871,341	$437,043	$50,010	$8,474	$328,108	$823,635
Exercised options	160,000	479	(159)	-	-	320
Share based compensation expense	-	-	74	-	-	74
Total comprehensive income (loss)	-	-	-	(7)	41,337	41,330
Balance March 31, 2025	162,031,341	$437,522	$49,925	$8,467	$369,445	$865,359

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2025 and 2024

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

	Notes	Three Months Ended March 31 2025	2024
OPERATING ACTIVITIES			
Net Income (Loss)		$41,337	$(9,165)
Items not affecting cash flows			
Deferred mining and income tax expense (recovery)		21,579	(6,745)
Depletion and depreciation		23,347	14,601
Share based compensation		74	153
Accretion of future site reclamation provisions		1,902	1,247
Unrealized foreign exchange gain		(353)	(325)
Interest expense, net		8,123	10,130
		96,009	9,896
Net change in non-cash operating working capital balances	15	(17,026)	2,571
Income and mining taxes paid		(1,200)	(400)
Interest paid, net		(9,467)	(9,665)
Cash provided by operating activities		68,316	2,402
FINANCING ACTIVITIES			
Proceeds from short term debt		4,488	28,356
Proceeds from issue of debentures	8	-	55,000
Repayment of short term debt		(43,000)	(2,500)
Repayment of debentures	8	-	(43,675)
Repayment of long term debt		(900)	(699)
Lease payments		(1,926)	(1,143)
Share capital issued for exercised options		320	-
Cash (used in) provided by financing activities		(41,018)	35,339
INVESTING ACTIVITIES			
Acquisition and development of mineral properties		(42,447)	(32,089)
Net change in non-cash investing working capital		952	684
Reclamation bonds		-	(24)
Cash used in investing activities		(41,495)	(31,429)
EFFECT OF FOREIGN EXCHANGE ON CASH		32	325
(DECREASE) INCREASE IN CASH		(14,165)	6,637
CASH, BEGINNING OF PERIOD		58,116	24,936
CASH, END OF PERIOD		$43,951	$31,573

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, credit facility, 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 events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for at least the next year.

2. MATERIAL ACCOUNTING POLICIES

Statement of Compliance

The annual consolidated financial statements are prepared in accordance with IFRS® Accounting Standards as Issued by the International Accounting Standards Board. 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, 2024.

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, 2024, except for the adoption of new standards effective as of January 1, 2025. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments are applied to transactions that occur on or after the beginning of the earliest comparative period presented. We do not expect these amendments to have a material effect on our financial statements:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current,
- Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants,
- Amendments to IAS 21 Lack of Exchangeability,
- IFRS 18 Presentation and Disclosures in Financial Statements, and
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

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

Comparative Information

Certain comparative amounts have been reclassified to conform to current period presentation, and those reclassifications are not material.

3. TRADE AND OTHER RECEIVABLES

	March 31 2025	December 31 2024
Trade receivables	$40,744	$23,569
Tax credit receivable	6,564	6,564
	$47,308	$30,133

4. INVENTORY

	March 31 2025	December 31 2024
Stockpile ore	$77,657	$64,399
Concentrate	17,196	19,712
Supplies	43,785	42,870
Total inventories	138,638	126,981
Less non-current inventory	(49,482)	(41,515)
Total current inventory	$89,156	$85,466

During the three months period ended March 31, 2025, inventory of $86,981 was recognized in cost of sales (March 31, 2024-$80,483) and a net impairment charge of $4,469 (March 31, 2024-$432 of net impairment charge) on stockpile ore, concentrate and supplies inventory was included in cost of sales.

As at March 31, 2025, the Company had $55,804 (December 31, 2024-$55,148) of inventory pledged as security for the credit facility (Note 7).

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

5. MINERAL PROPERTIES

Costs	Mineral Properties	Capitalized Stripping Costs	Exploration, Evaluation and Development	Plant & Equipment	Total
Balance December 31, 2023	$566,772	$168,525	$308,843	$817,684	$1,861,824
Additions	9	40,926	67,453	93,767	202,155
Change in estimates of future site reclamation provisions	62,866	-	(64)	-	62,802
Disposals and write down	-	(13,714)	-	(115)	(13,829)
Foreign exchange valuation	-	-	591	-	591
Balance December 31, 2024	$629,647	$195,737	$376,823	$911,336	$2,113,543
Additions	-	14,508	15,368	17,119	46,995
Change in estimates of future site reclamation provisions	15,360	-	-	-	15,360
Foreign exchange valuation	-	-	(7)	-	(7)
Balance March 31, 2025	$645,007	$210,245	$392,184	$928,455	$2,175,891

Accumulated depletion & depreciation & impairment losses	Mineral Properties	Capitalized Stripping Costs	Exploration & Evaluation	Plant & Equipment	Total
Balance December 31, 2023	$180,402	$129,648	$1,637	$303,185	$614,872
Depletion and depreciation	11,358	16,394	-	53,614	81,366
Disposals and write down	-	(13,714)	-	(44)	(13,758)
Balance December 31, 2024	$191,760	$132,328	$1,637	$356,755	$682,480
Depletion and depreciation	12,498	7,113	-	15,378	34,989
Balance March 31, 2025	$204,258	$139,441	$1,637	$372,133	$717,469
Carrying Amount					
Balance December 31, 2023	$386,370	$38,877	$307,206	$514,499	$1,246,952
Balance December 31, 2024	$437,887	$63,409	$375,186	$554,581	$1,431,063
Balance March 31, 2025	$440,749	$70,804	$390,547	$556,322	$1,458,422

At March 31, 2025, leased mobile equipment at cost of $25,345 (December 31, 2024-$25,496) and accumulated depreciation of $14,368 (December 31, 2024-$12,695) was included with plant and equipment.

At March 31, 2025, the Company had provided $1,370 (December 31, 2024-$1,370) 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 ("Newmont") have a joint venture for the operation of Red Chris, with Newcrest Red Chris Mining Limited, a wholly owned subsidiary of Newmont, acting as operator. The property is comprised of the Red Chris Main claim group (51 tenures / 17,149 hectares), the Red Chris South group (27 tenures / 6,097 hectares), the GJ Connector (2 tenures / 972 ha), 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 March 31, 2025, a possible impairment indicator of mineral properties existed and as such the Company performed an impairment analysis (December 31, 2024-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. TRADE AND OTHER PAYABLES

	March 31 2025	December 31 2024
Trade payables and accruals	$79,188	$77,713
Accrued payroll and payroll related taxes	6,084	6,334
Accrued interests on debt	12,091	13,428
	$97,363	$97,475

7. SHORT TERM DEBT

Amounts due for short term debt are:

	March 31 2025	December 31 2024
Credit Facility	$47,500	$90,500
Advanced Development Loan	81,951	77,463
	$129,451	$167,963

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

	Three Months Ended March 31 2025	Year Ended December 31 2024
Balance, beginning of period	$167,963	$132,630
Amounts advanced	4,488	104,333
Amount repaid	(43,000)	(69,000)
Balance, end of period	$129,451	$167,963

Credit Facility

At March 31, 2025, a credit facility aggregating $125,000 (December 31, 2024-$125,000) is in effect until expiry on March 31, 2026. 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 March 31, 2025, a total of $57,202 (December 31, 2024-$100,202) has been utilized, that consists of drawdowns in amount of $47,500 (December 31, 2024-$90,500) and $9,702 (December 31, 2024-$9,702) for letters of credit pledged for settlement of future site reclamation provisions and other obligations.

Advanced Development Loan

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

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

8. LONG TERM DEBT

Amounts due for non-current debt are:

	March 31 2025	December 31 2024
Convertible and non-convertible debentures	$190,093	$189,535
Equipment leases	7,644	9,472
Equipment loans	5,862	5,881
	203,599	204,888
Less portion due within one year	(109,339)	(109,560)
	$94,260	$95,328

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. 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. 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.

(c) 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% per annum, with interest paid semi-annually in cash. 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.

(d) 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% per annum, with interest paid semi-annually in cash.

(e) 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% per annum, with interest paid semi-annually in cash.

The movement of the debentures amounts are:

	Three Months Ended March 31 2025	Year Ended December 31 2024
Balance, beginning of period	$189,535	$175,983
Issuance of new debentures	-	55,000
Repayment of debentures	-	(43,675)
Accretion	558	2,227
Balance, end of period	$190,093	$189,535

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

Equipment leases

The outstanding amount of equipment leases is $7,644 (December 31, 2024-$9,472) at weighted average interest rate of 4.40% with monthly payments of $581. The contractual lease payments are as follows:

	March 31 2025	December 31 2024
Due in less than one year	$6,441	$6,809
Due in one to three years	1,419	2,993
Total undiscounted lease liabilities, end of period	$7,860	$9,802

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 $378,253 (December 31, 2024-$352,301). The estimated future cash flows were then inflated using inflation rate 2.0% (December 31, 2024-2.0%). The total provision for closure and decommissioning costs is calculated using discount rates between 3.36% to 5.36% (December 31, 2024-3.37% to 5.37%). Obligations in the amount of $247,506 are expected to be settled in the years 2025 through 2054.

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Balance, beginning of period	$217,242	$149,335
Accretion	1,902	5,105
Change in estimates of future costs and discount rate	15,360	62,802
Balance, end of period	$234,504	$217,242

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 March 31, 2025, a total of 12,848,384 common share options had remained available for grant under the plans. Under the plans, the exercise price of each option cannot be greater 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 three months ended March 31, 2025 the Company granted nil stock options (March 31, 2024-100,000) at a weighted average exercise price of $nil (March 31, 2024-$2.40). During the three months ended March 31, 2024, the weighted average fair value for the options granted was $1.36 per option, 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%; expected dividend yield - $nil; expected stock price volatility - 67.47%; expected option life - 5.8 years and, estimated forfeiture rate - 5.00%.

Movements in Share Options

The changes in share options were as follows:

	Three Months Ended March 31, 2025		Year Ended December 31, 2024	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	3,552,250	$3.76	3,544,750	$3.78
Granted	-	-	100,000	$2.40
Exercised	(160,000)	$2.00	-	-
Forfeited	-	-	(62,500)	$2.24
Expired	(37,500)	$2.13	(30,000)	$5.00
Outstanding at end of period	3,354,750	$3.86	3,552,250	$3.76
Options exercisable at end of period	2,654,750	$4.26	2,852,250	$4.10

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

The following table summarizes information about the Company's share options outstanding as at March 31, 2025:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
$2.00	1,213,750	0.42	1,116,250	0.26
$2.40	1,155,000	2.84	552,500	2.76
$5.75	65,000	2.75	65,000	2.75
$8.00	921,000	0.68	921,000	0.68
	3,354,750	1.37	2,654,750	0.99

(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 March 31, 2025 all warrants remain outstanding.

11. COST OF SALES

	Three Months Ended March 31	
	2025	2024
Operating expenses	$75,291	$71,740
Stock-based compensation	11	33
Depletion and depreciation	23,013	14,334
	$98,315	$86,107

Included in cost of sales for the three months ended March 31, 2025 is $4,469 of net impairment charge (March 31, 2024-$432 of net impairment charge) in relation to concentrate, stockpile and supplies inventory.

12. INTEREST EXPENSE, NET

	Three Months Ended March 31	
	2025	2024
Interest and finance fees on long term debt:		
Convertible debentures (Note 8)	$1,202	$1,214
Non-convertible debentures (Note 8)	4,445	4,473
Equipment loans and leases (Note 8)	214	202
	5,861	5,889
Other interest and finance fees		
Credit facility (Note 7)	1,541	2,685
Advanced development loan (Note 7)	1,891	1,220
Other	972	751
	4,404	4,656
	10,265	10,545
Less capitalized interest	(1,891)	(10)
Less interest income	(251)	(405)
	$8,123	$10,130

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

13. OTHER LOSS

	Three Months Ended March 31	
	2025	2024
Accretion of future site reclamation provisions	$1,902	$1,247
Foreign exchange income	(382)	(487)
	$1,520	$760

14. INCOME AND MINING TAX EXPENSE (RECOVERY)

	Three Months Ended March 31	
	2025	2024
Current income and mining tax expense	$1,689	$140
Deferred income and mining tax expense (recovery)	21,579	(6,745)
	$23,268	$(6,605)

15. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash operating working capital balances:

	Three Months Ended March 31	
	2025	2024
Trade and other receivables	$(17,527)	$10,277
Inventory	(1,792)	(8,019)
Prepaid expenses and deposits	813	656
Trade and other payables	(209)	(483)
Income and mining taxes payable	1,689	140
	$(17,026)	$2,571

16. INCOME (LOSS) PER SHARE

Basic income (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares outstanding during the year. The basic and diluted net loss per share are the same as there are no instruments that have a dilutive effect on loss.

	Three Months Ended March 31	
	2025	2024
Numerator:		
Net Income (loss)	$41,337	$(9,165)
Denominator:		
Basic weighted-average number of common shares outstanding	161,890,963	161,871,341
Effect of dilutive securities: stock options, warrants and convertible debentures	548,386	-
Diluted weighted-average number of common shared outstanding	162,439,349	161,871,341
Basic net income (loss) per common share	$0.26	$(0.06)
Diluted net income (loss) per common share	$0.25	$(0.06)

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

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:

	March 31 2025	March 31 2024
Stock options	2,238,500	3,644,750
Convertible debenture (Note 8)	14,687,500	14,687,500
Warrants (Note 8)	-	6,056,250

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

	March 31 2025	December 31 2024
Assets		
Equipment rental trade receivables from Red Chris Joint Venture	$51	$51
Liabilities		
Debentures (Note 8)	$139,380	$139,380
Advanced Development Loan (Note 7)	$81,951	$77,463
Interest accrued	$12,496	$11,643

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

	Three Months Ended March 31	
	2025	2024
Equipment rental from Red Chris Joint Venture	$77	$154
Credit facility arrangement guarantee fee	$462	$466
Interest expense	$3,617	$4,917
Interest expense capitalized	$(1,891)	$(10)

The full amount of the $125,000 of credit facility is guaranteed by a related party (Note 7). The guarantee fee is payable monthly at a rate of 1.5% per annum.

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 key management personnel is $614 for the three months ended March 31, 2025 (three months ended March 31, 2024-$577). The remuneration includes salaries, estimated bonuses payable within the year of the Statement of Financial Position date and other annual employee benefits.

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 in relation to Sterling totalling $7,306 as at March 31, 2025 (December 31, 2024-$7,313) which are located in the USA. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

Reportable Segments

Three Months Ended March 31, 2025

	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$69,239	$107,303	$110	$ -	$176,652
Less inter-segment revenues	-	-	(33)	-	(33)
Revenues from external sources	$69,239	$107,303	$77	$ -	$176,619
Depletion and depreciation	$15,883	$7,058	$406	$ -	$23,347
Interest expense and other finance expense	$(5,573)	$(5,028)	$(645)	$1,603	$(9,643)
Net income (loss)	$5,442	$37,943	$(2,027)	$(21)	$41,337
Capital expenditures	$19,545	$27,162	$155	$133	$46,995
Total assets	$1,086,545	$356,285	$208,722	$45,960	$1,697,512
Total liabilities	$383,030	$141,094	$61,009	$247,020	$832,153

Three Months Ended March 31, 2024

	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$35,137	$49,277	$220	$ -	$84,634
Less inter-segment revenues	-	-	(66)	-	(66)
Revenues from external sources	$35,137	$49,277	$154	$ -	$84,568
Depletion and depreciation	$9,836	$4,361	$404	$ -	$14,601
Interest expense and other finance expense	$(6,063)	$(3,771)	$(566)	$(490)	$(10,890)
Net (loss) income	$(9,343)	$2,220	$(254)	$(1,788)	$(9,165)
Capital expenditures	$20,436	$15,750	$9	$40	$36,235
Total assets	$912,484	$246,037	$226,099	$42,174	$1,426,794
Total liabilities	$243,092	$111,340	$61,354	$303,625	$719,411

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

Customers by Geographic Area

	Three Months Ended March 31	
	2025	2024
Switzerland	$134,852	$8,848
China	28,249	8,380
Philippines	13,441	8,604
United States	-	49,260
United Kingdom	-	9,305
Canada	77	171
	$176,619	$84,568

In the period ended March 31, 2025, the Company had 3 principal customers individually accounting for more than 10% each for a total 69% of revenues (March 31, 2024-4 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 March 31	
	2025	2024
Copper	$99,597	$54,182
Gold	75,369	29,710
Silver	1,576	505
Other	77	171
	$176,619	$84,568

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 three months ended March 31, 2025 would have been higher/lower by $3,134.

Interest Rate Risk

The Company is exposed to interest rate risk on its credit facilities (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 three months ended March 31, 2025 would have increased/decreased by $164.

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:

	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024	
	Provisional lb/oz	Provisional Price per lb/oz	Provisional lb/oz	Provisional Price per lb/oz
	000's	*US$*	*000's*	*US$*
Copper	6,748.2	$4.40	1,210.4	$3.99
Gold	11.2	$3,128	0.7	$2,227

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

	Three Months Ended March 31, 2025			Three Months Ended March 31, 2024		
	Copper	Gold & Silver	Total	Copper	Gold & Silver	Total
Realized	$3,817	$1,211	$5,028	$(183)	$173	$(10)
Unrealized	731	5,308	6,039	465	207	672
Total	$4,548	$6,519	$11,067	$282	$380	$662

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

20. COMMITMENTS AND PLEDGES

At March 31, 2025, the Company has pledged the following assets for settlement of future site reclamation provisions:

Letters of credit and reclamation surety bonds	$99,988
Mineral property, plant and equipment (Note 5)	1,370
Reclamation deposits	416
	$101,774

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.

On December 6, 2024, the Federal Crown preferred a direct indictment against the Company and others, including its subsidiary Mount Polley Mining Corporation. The indictment alleges 15 contraventions of the Fisheries Act from events that occurred more than 10 years ago arising from the alleged discharge of deleterious substances from the tailings storage facility at the Mount Polley Mine on August 4, 2014. No trial date has been set and the required disclosure by the Crown has not been completed. Accordingly, the Company is unable to reasonably assess the potential outcomes of this indictment.

In April 2025, the Xatśūll First Nation (Xatśūll) commenced a petition for judicial review seeking to set aside two decisions granted by the Ministry of Mining and Critical Minerals and the Minister of Environment and Parks pertaining to the Mount Polley Mine. Shortly afterward, Xatśūll filed an application seeking to stop work under those decisions until the judicial review is heard.

No monetary relief is sought against Mount Polley Mining Corporation, but if successful, both the application and petition could result in increased costs to MPMC and could adversely affect mining operations.

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