



Condensed Consolidated Interim Financial Statements (unaudited)

For the Three and Six Months Ended June 30, 2025

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at June 30, 2025 and December 31, 2024

expressed in thousands of Canadian dollars

	Notes	June 30 2025	December 31 2024
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		\$47,475	\$58,116
Trade and other receivables	3	22,738	30,133
Inventory	4	95,117	85,466
Prepaid expenses and deposits		3,788	6,024
		169,118	179,739
Mineral properties	5	1,480,213	1,431,063
Non-current inventory	4	55,164	41,515
Reclamation deposits		416	416
Deferred income tax assets		3,899	5,148
		<u>\$1,708,810</u>	<u>\$1,657,881</u>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	6	\$105,166	\$97,475
Taxes payable		2,800	2,284
Short term debt	7	91,461	167,963
Current portion of long term debt	8	89,295	109,560
		288,722	377,282
Long term debt	8	96,508	95,328
Non-current trade payables		2,855	3,212
Future site reclamation provisions	9	226,812	217,242
Deferred income tax liabilities		186,270	141,182
		<u>801,167</u>	<u>834,246</u>
<b>EQUITY</b>			
Share capital	10	440,570	437,043
Contributed surplus		48,984	50,010
Currency translation adjustment		8,094	8,474
Retained earnings		409,995	328,108
		<u>907,643</u>	<u>823,635</u>
		<u>\$1,708,810</u>	<u>\$1,657,881</u>
Commitments and pledges	20		
Contingent liabilities	21		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on August 7, 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 and Six Months Ended June 30, 2025 and 2024

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

		Three Months Ended June 30		Six Months Ended June 30	
	Notes	2025	2024	2025	2024
Revenue		\$175,751	\$131,731	\$352,370	\$216,299
Cost of sales	11	(94,421)	(92,725)	(192,736)	(178,832)
Income from mine operations		81,330	39,006	159,634	37,467
General and administration		(2,462)	(1,391)	(4,363)	(2,786)
Idle mine costs		(2,038)	(1,811)	(4,193)	(3,757)
Interest expense, net	12	(6,785)	(6,745)	(14,908)	(16,875)
Accretion of future site reclamation provisions	9	(2,082)	(1,289)	(3,984)	(2,536)
Other (loss) income	13	(910)	319	(528)	806
Income before taxes		67,053	28,089	131,658	12,319
Current income and mining taxes	14	(1,745)	(991)	(3,434)	(1,131)
Deferred income and mining taxes (expense) recoveries	14	(24,758)	(6,728)	(46,337)	17
Income and mining tax expense		(26,503)	(7,719)	(49,771)	(1,114)
Net income		40,550	20,370	81,887	11,205
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Currency translation adjustment		(373)	70	(380)	234
Total comprehensive income		\$40,177	\$20,440	\$81,507	\$11,439
Income per share					
Basic	15	\$0.25	\$0.13	\$0.50	\$0.07
Diluted	15	\$0.25	\$0.13	\$0.50	\$0.07
Weighted average number of common shares outstanding					
Basic	15	162,648,009	161,871,341	162,271,577	161,871,341
Diluted	15	168,693,709	162,774,783	166,460,988	162,620,829

See accompanying notes to these condensed consolidated interim financial statements.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three and Six Months Ended June 30, 2025 and 2024

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

	Share Capital		Contributed Surplus	Currency Translation Adjustment	Retained Earnings	Total
	Number of Shares	Amount				
Balance December 31, 2023	161,871,341	\$437,043	\$49,458	\$7,883	\$221,847	\$716,231
Share based compensation expense	-	-	313	-	-	313
Total comprehensive income	-	-	-	234	11,205	11,439
Balance June 30, 2024	161,871,341	\$437,043	\$49,771	\$8,117	\$233,052	\$727,983
Balance December 31, 2024	161,871,341	\$437,043	\$50,010	\$8,474	\$328,108	\$823,635
Exercised options	1,170,250	3,527	(1,171)	-	-	2,356
Share based compensation expense	-	-	145	-	-	145
Total comprehensive (loss) income	-	-	-	(380)	81,887	81,507
Balance June 30, 2025	163,041,591	\$440,570	\$48,984	\$8,094	\$409,995	\$907,643

See accompanying notes to these condensed consolidated interim financial statements.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three and Six Months Ended June 30, 2025 and 2024

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

		Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
	Notes				
<b>OPERATING ACTIVITIES</b>					
Net income		\$40,550	\$20,370	\$81,887	\$11,205
Items not affecting cash flows					
Deferred mining and income tax expense (recovery)	14	24,758	6,728	46,337	(17)
Depletion and depreciation		22,570	18,045	45,917	32,646
Gain on disposal of mineral properties		-	(104)	-	(104)
Share based compensation		71	160	145	313
Accretion of future site reclamation provisions		2,082	1,289	3,984	2,536
Foreign exchange losses (gains)		881	(134)	528	(459)
Interest expense, net		6,785	6,745	14,908	16,875
		97,697	53,099	193,706	62,995
Net change in non-cash operating working capital balances	16	21,091	(1,620)	4,065	951
Income and mining taxes paid		(1,717)	(357)	(2,917)	(757)
Interest paid, net		(6,889)	(6,318)	(16,356)	(15,983)
Cash provided by operating activities		110,182	44,804	178,498	47,206
<b>FINANCING ACTIVITIES</b>					
Proceeds from short term debt	7	9,510	37,523	13,998	65,879
Repayment of short term debt	7	(47,500)	(18,000)	(90,500)	(20,500)
Repayment of current portion of long term debt		(1,506)	(775)	(2,406)	(1,474)
Proceeds from issue of debentures	8	-	-	-	55,000
Repayment of debentures	8	(20,000)	-	(20,000)	(43,675)
Lease payments		(1,986)	(987)	(3,912)	(2,130)
Issue of share capital for exercised options		2,036	-	2,356	-
Cash (used in) provided by financing activities		(59,446)	17,761	(100,464)	53,100
<b>INVESTING ACTIVITIES</b>					
Acquisition and development of mineral properties		(56,484)	(51,632)	(98,931)	(83,721)
Net change in non-cash investing working capital balances		10,123	594	11,075	1,278
Proceeds on sale of minerals properties and other		-	144	-	120
Cash used in investing activities		(46,361)	(50,894)	(87,856)	(82,323)
EFFECT OF FOREIGN EXCHANGE ON CASH		(851)	133	(819)	458
INCREASE (DECREASE) IN CASH		3,524	11,804	(10,641)	18,441
CASH, BEGINNING OF PERIOD		43,951	31,573	58,116	24,936
CASH, END OF PERIOD		\$47,475	\$43,377	\$47,475	\$43,377

See accompanying notes to these condensed consolidated interim financial statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### 1. NATURE OF OPERATIONS

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

The Company’s key projects are:

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

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due. The Company has in place a planning, budgeting, and forecasting process to determine the funds required to support the Company’s operations and expansionary plans.

The Company has financed its operating cash requirements primarily through revenues generated by its 30% share of Red Chris mine, its 100% interest in the Mount Polley mine, 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.

#### Comparative Information

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### 3. TRADE AND OTHER RECEIVABLES

	June 30 2025	December 31 2024
Trade receivables	\$22,596	\$23,569
Tax credit receivable	142	6,564
	<u>\$22,738</u>	<u>\$30,133</u>

### 4. INVENTORY

	June 30 2025	December 31 2024
Stockpile ore	\$88,014	\$64,399
Concentrate	18,785	19,712
Supplies	43,482	42,870
Total inventory	150,281	126,981
Less non-current inventory	(55,164)	(41,515)
Total current inventory	<u>\$95,117</u>	<u>\$85,466</u>

During the six months period ended June 30, 2025 inventory of \$173,621 was recognized in cost of sales (June 30, 2024-\$168,363) and a net impairment charge of \$5,253 (June 30, 2024-\$1,434 of a net impairment reversal) on stockpile ore, concentrate and supplies inventory was included in cost of sales.

As at June 30, 2025, the Company had \$58,268 (December 31, 2024-\$55,148) of inventory pledged as security for the credit facility (Note 7).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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	9	29,324	35,787	45,974	111,094
Change in estimates of future site reclamation provisions	5,586	-	-	-	5,586
Foreign exchange valuation	-	-	(379)	-	(379)
Balance June 30, 2025	\$635,242	\$225,061	\$412,231	\$957,310	\$2,229,844
<i>Accumulated depletion &amp; depreciation &amp; impairment losses</i>	<i>Mineral Properties</i>	<i>Capitalized Stripping Costs</i>	<i>Exploration &amp; Evaluation</i>	<i>Plant &amp; Equipment</i>	<i>Total</i>
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	24,190	11,769	-	31,192	67,151
Balance June 30, 2025	\$215,950	\$144,097	\$1,637	\$387,947	\$749,631
<i>Carrying Amount</i>					
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 June 30, 2025	\$419,292	\$80,964	\$410,594	\$569,363	\$1,480,213

At June 30, 2025, leased mobile equipment at cost of \$27,842 (December 31, 2024-\$25,496) and accumulated depreciation of \$15,790 (December 31, 2024-\$12,695) was included with plant and equipment.

At June 30, 2025, the Company had provided \$1,370 (December 31, 2024-\$1,370) of security for reclamation bonding obligations by securing certain plant and equipment.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### 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

The Company has a portfolio of 23 greenfield exploration properties located mainly in British Columbia.

### Impairment Analysis of Mineral Properties

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

Based on the Company's assessment with respect to possible indicators of either impairment or reversal of previous impairments to its mineral properties, including the impact of current macroeconomic and geopolitical uncertainties on the operations and the prevailing market metals prices, the Company concluded that as of June 30, 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### 6. TRADE AND OTHER PAYABLES

	June 30 2025	December 31 2024
Trade payables and accruals	\$78,930	\$72,185
Accrued payroll, payroll related benefits and taxes	11,459	11,862
Accrued interests on debt	14,777	13,428
	<u>\$105,166</u>	<u>\$97,475</u>

### 7. SHORT TERM DEBT

Amounts due for short term debt are:

	June 30 2025	December 31 2024
Credit Facility	\$ -	\$90,500
Advanced Development Loan	91,461	77,463
	<u>\$91,461</u>	<u>\$167,963</u>

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

	Six Months Ended June 30 2025	Year Ended December 31 2024
Balance, beginning of period	\$167,963	\$132,630
Amounts advanced	13,998	104,333
Amount repaid	(90,500)	(69,000)
Balance, end of period	<u>\$91,461</u>	<u>\$167,963</u>

#### Credit Facility

At June 30, 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 June 30, 2025, a total of \$12,646 (December 31, 2024-\$100,202) has been utilized, that consists of drawdowns in amount of \$nil (December 31, 2024-\$90,500) and \$12,646 (December 31, 2024-\$9,702) for letters of credit pledged for settlement of future site reclamation provisions and other obligations.

#### Advanced Development Loan

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 \$387,100. The Advanced Development Loan is repayable on demand (with certain restrictions) and bears interest at prime rate plus 3.5% per annum.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### 8. LONG TERM DEBT

Amounts due for non-current debt are:

	June 30 2025	December 31 2024
Convertible and non-convertible debentures	\$170,661	\$189,535
Equipment leases	9,054	9,472
Equipment loans	6,088	5,881
	185,803	204,888
Less portion due within one year	(89,295)	(109,560)
	<u>\$96,508</u>	<u>\$95,328</u>

#### Debentures

- (a) On August 31, 2022 the Company completed its non-brokered private placement of unsecured convertible debentures. The debentures with a face value of \$47,000 mature on August 30, 2027 and bear interest at 8% per year, with interest payable semi-annually in cash. 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 had a maturity date of July 1, 2025 and bear interest at a rate of 12% per annum, with interest paid semi-annually in cash. These debentures were repaid on June 30, 2025.
- (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:

	Six Months Ended June 30 2025	Year Ended December 31 2024
Balance, beginning of period	\$189,535	\$175,983
Issuance of new debentures	-	55,000
Repayment of debentures	(20,000)	(43,675)
Accretion	1,126	2,227
Balance, end of period	<u>\$170,661</u>	<u>\$189,535</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### Equipment leases

The outstanding amount of equipment leases is \$9,054 (December 31, 2024-\$9,472) at weighted average interest rate of 4.30% with monthly payments of \$620. The contractual lease payments are as follows:

	June 30 2025	December 31 2024
Due in less than one year	\$6,209	\$6,809
Due in one to four years	3,238	2,993
Total undiscounted lease liabilities, end of period	<u>\$9,447</u>	<u>\$9,802</u>

## 9. FUTURE SITE RECLAMATION PROVISIONS

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

The total undiscounted amount of estimated cash flows required to settle the Company's estimated future closure and decommissioning costs is \$377,940 (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 3.63% to 5.63% (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.

	Six Months Ended June 30, 2025	Year Ended December 31, 2024
Balance, beginning of period	\$217,242	\$149,335
Accretion	3,984	5,105
Change in estimates of future costs and discount rate	5,586	62,802
Balance, end of period	<u>\$226,812</u>	<u>\$217,242</u>

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### 10. SHARE CAPITAL

#### (i) Share Capital

Authorized

50,000,000 First Preferred shares without par value with special rights and restrictions to be determined by the directors, of which 3,100,000 have been designated as "Series A First Preferred shares" (issued and outstanding – nil)

50,000,000 Second Preferred shares without par value with rights and restrictions to be determined by the directors (issued and outstanding – nil)

An unlimited number of Common Shares without par value

#### (ii) Share Option Plans

Under the Share Option Plans, options not exceeding 10% of the issued common shares of the Company, may be granted to its directors, officers and employees. As at June 30, 2025, a total of 14,049,409 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 June 30, 2025, the Company granted nil stock options (June 30, 2024-100,000) at a weighted average exercise price of \$nil (June 30, 2024-\$2.40). During the three months ended June 30, 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:

	Six Months Ended June 30, 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	(1,170,250)	\$2.01	-	-
Forfeited	(3,750)	\$2.00	(62,500)	\$2.24
Expired	(123,500)	\$2.04	(30,000)	\$5.00
Outstanding at end of period	2,254,750	\$4.76	3,552,250	\$3.76
Options exercisable at end of period	1,607,250	\$5.72	2,852,250	\$4.10

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended June 30, 2025 and 2024

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 June 30, 2025:

Exercise Prices	Options Outstanding		Options Exercisable	
	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
\$2.00	153,750	1.92	108,750	1.92
\$2.40	1,115,000	2.60	512,500	2.52
\$5.75	65,000	2.50	65,000	2.50
\$8.00	921,000	0.43	921,000	0.43
	<b>2,254,750</b>	<b>1.66</b>	<b>1,607,250</b>	<b>1.28</b>

**(iii) Warrants**

In connection with the issuance of the A Debentures (Note 8 (b)), the Company issued 6,056,250 common share purchase warrants which are exercisable into common shares of the Company at a price of \$2.10 per share for a period of four years from the date of issuance. The warrants expire on December 23, 2026. The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 3.38%, expected dividend yield of nil, expected stock price volatility of 67.62% and expected life of 4 years. At June 30, 2025 all warrants remain outstanding.

**11. COST OF SALES**

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Operating expenses	\$72,179	\$74,918	\$147,470	\$146,658
Share based compensation expense	7	30	18	63
Depletion and depreciation	22,235	17,777	45,248	32,111
	<b>\$94,421</b>	<b>\$92,725</b>	<b>\$192,736</b>	<b>\$178,832</b>

Included in cost of sales for the three months ended June 30, 2025 is \$784 of net impairment charge (June 30, 2024-\$1,866 of net impairment reversal) in relation to concentrate, stockpile and supplies inventory.

Included in cost of sales for the six months ended June 30, 2025 is \$5,253 of net impairment charge (June 30, 2024-\$1,434 of net impairment reversal) in relation to concentrate, stockpile and supplies inventory.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended June 30, 2025 and 2024

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

**12. INTEREST EXPENSE, NET**

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Interest and finance fees on debt:				
Convertible debentures (Note 8)	\$1,209	\$1,200	\$2,411	\$2,414
Non-convertible debentures (Note 8)	4,498	4,573	8,943	9,046
Equipment loans and leases (Note 8)	224	214	438	416
	<u>5,931</u>	<u>5,987</u>	<u>11,792</u>	<u>11,876</u>
Other interest and finance fees				
Credit facility (Note 7)	932	1,980	2,473	4,665
Advanced development loan (Note 7)	2,033	1,652	3,924	2,872
Other	998	1,055	1,970	1,806
	<u>3,963</u>	<u>4,687</u>	<u>8,367</u>	<u>9,343</u>
	9,894	10,674	20,159	21,219
Less: interest capitalized	(2,033)	(2,875)	(3,924)	(2,885)
Less: interest income	(1,076)	(1,054)	(1,327)	(1,459)
	<u>\$6,785</u>	<u>\$6,745</u>	<u>\$14,908</u>	<u>\$16,875</u>

**13. OTHER INCOME (LOSS)**

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Gain on disposal of mineral properties	\$ -	\$104	\$ -	\$104
Foreign exchange (loss) gain	(910)	215	(528)	702
	<u>\$(910)</u>	<u>\$319</u>	<u>\$(528)</u>	<u>\$806</u>

**14. INCOME AND MINING TAX (EXPENSE) RECOVERY**

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Current income and mining taxes	\$(1,745)	\$(991)	\$(3,434)	\$(1,131)
Deferred income and mining taxes	(24,758)	(6,728)	(46,337)	17
	<u>\$(26,503)</u>	<u>\$(7,719)</u>	<u>\$(49,771)</u>	<u>\$(1,114)</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### 15. INCOME PER SHARE

Basic income per share is calculated by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the period. The diluted net income is adjusted for an individual effect, net of tax of each class of instruments that affects earnings per share.

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Numerator:				
Net Income (for basic weighted-average number of common shares outstanding)	\$40,550	\$20,370	\$81,887	\$11,205
Effect of dilutive securities: interest and accretion on convertible debentures	877	-	1,760	-
Net Income (for diluted weighted-average number of common shares outstanding)	\$41,427	\$20,370	\$83,647	\$11,205
Denominator:				
Basic weighted-average number of common shares outstanding	162,648,009	161,871,341	162,271,577	161,871,341
Effect of dilutive securities: stock options, warrants and convertible debentures	6,045,700	903,442	4,189,411	749,488
Diluted weighted-average number of common shares outstanding	168,693,709	162,774,783	166,460,988	162,620,829
Basic net income per common share	\$0.25	\$0.13	\$0.50	\$0.07
Diluted net income per common share	\$0.25	\$0.13	\$0.50	\$0.07

The following common shares that may be issued in relation to the following items have been excluded from the calculation of diluted net income per common share:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Stock Options	986,000	2,206,000	986,000	2,206,000
Warrants	-	-	-	-
Convertible debentures	-	14,687,500	-	14,687,500

### 16. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash operating working capital balances:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Trade and other receivables	\$18,177	\$(5,766)	\$650	\$4,511
Inventory	(3,117)	(2,355)	(4,909)	(10,374)
Prepaid expenses and deposits	1,422	(280)	2,235	376
Trade and other payables	2,864	5,790	2,655	5,307
Income and mining tax payable	1,745	991	3,434	1,131
	\$21,091	\$(1,620)	\$4,065	\$951



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

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

#### (a) Related Party Transactions

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

##### Statements of Financial Position

	June 30 2025	December 31 2024
<b>Assets</b>		
Equipment rental trade receivables from Red Chris Joint Venture	\$40	\$51
<b>Liabilities</b>		
Debentures (Note 8)	\$126,170	\$139,380
Advanced Development Loan (Note 7)	\$91,461	\$77,463
Interest accrued	\$13,931	\$11,643

##### Statements of Income and Comprehensive Income

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Equipment rental from Red Chris Joint Venture	\$76	\$133	\$153	\$287
Credit facility arrangement guarantee fee	\$468	\$466	\$930	\$932
Interest expense	\$5,678	\$5,346	\$11,186	\$10,263
Interest expense capitalized	\$(2,033)	\$(2,872)	\$(3,924)	\$(2,872)

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 other key management personnel \$479 and \$1,093 for the three and six months ended June 30, 2025, respectively (three and six months ended June 30, 2024-\$1,037 and \$1,614). The remuneration includes salaries, estimated bonuses payable within the year of the Statement of Financial Position date and other annual employee benefits.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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 \$6,934 as at June 30, 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 June 30, 2025			
	Red Chris	Mount Polley	Huckleberry	Corporate and Others
Reportable segmented revenues	\$68,291	\$107,384	\$108	\$ -
Less inter-segment revenues	-	-	(32)	-
Revenues from external sources	\$68,291	\$107,384	\$76	\$ -
Depletion and depreciation	\$14,313	\$7,849	\$408	\$ -
Interest expense, net	\$(3,491)	\$(4,649)	\$(156)	\$1,511
Accretion of future site reclamation provisions	\$(882)	\$(660)	\$(540)	\$ -
Net income (loss)	\$5,260	\$37,014	\$(776)	\$(948)
Capital expenditures	\$30,170	\$33,719	\$95	\$115
Total assets	\$1,079,027	\$377,918	\$204,636	\$47,229
Total liabilities	\$407,190	\$160,550	\$54,864	\$178,563

	Three Months Ended June 30, 2024			
	Red Chris	Mount Polley	Huckleberry	Corporate and Others
Reportable segmented revenues	\$47,357	\$84,241	\$190	\$1,150
Less inter-segment revenues	-	-	(57)	(1,150)
Revenues from external sources	\$47,357	\$84,241	\$133	\$ -
Depletion and depreciation	\$11,057	\$6,583	\$405	\$ -
Interest expense, net	\$(2,957)	\$(3,871)	\$398	\$(315)
Accretion of future site reclamation provisions	\$(252)	\$(464)	\$(570)	\$(3)
Net income (loss)	\$1,716	\$21,947	\$(1,314)	\$(1,979)
Capital expenditures	\$32,678	\$22,975	\$43	\$243
Total assets	\$942,273	\$260,853	\$225,853	\$51,845
Total liabilities	\$268,164	\$115,160	\$61,191	\$308,326

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

	Six Months Ended June 30, 2025				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	\$137,530	\$214,687	\$218	\$ -	\$352,435
Less inter-segment revenues	-	-	(65)	-	(65)
Revenues from external sources	\$137,530	\$214,687	\$153	\$ -	\$352,370
Depletion and depreciation	\$30,196	\$14,907	\$814	\$ -	\$45,917
Interest expense, net	\$(8,518)	\$(9,170)	\$(291)	\$3,071	\$(14,908)
Accretion of future site reclamation provisions	\$(1,764)	\$(1,170)	\$(1,050)	\$ -	\$(3,984)
Net income (loss)	\$10,702	\$74,957	\$(2,803)	\$(969)	\$81,887
Capital expenditures	\$49,715	\$60,881	\$250	\$248	\$111,094
Total assets	\$1,079,027	\$377,918	\$204,636	\$47,229	\$1,708,810
Total liabilities	\$407,190	\$160,550	\$54,864	\$178,563	\$801,167

	Six Months Ended June 30, 2024				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	\$82,494	\$133,518	\$410	\$1,150	\$217,572
Less inter-segment revenues	-	-	(123)	(1,150)	(1,273)
Revenues from external sources	\$82,494	\$133,518	\$287	\$ -	\$216,299
Depletion and depreciation	\$20,893	\$10,944	\$809	\$ -	\$32,646
Interest expense, net	\$(9,190)	\$(7,159)	\$398	\$(924)	\$(16,875)
Accretion of future site reclamation provisions	\$(504)	\$(885)	\$(1,140)	\$(7)	\$(2,536)
Net (loss) income	\$(7,627)	\$24,167	\$(1,568)	\$(3,767)	\$11,205
Capital expenditures	\$53,114	\$38,725	\$52	\$283	\$92,174
Total assets	\$942,273	\$260,853	\$225,853	\$51,845	\$1,480,824
Total liabilities	\$268,164	\$115,160	\$61,191	\$308,326	\$752,841

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

### Customers by Geographic Area

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Switzerland	\$149,609	\$71,464	\$284,461	\$80,312
China	12,533	842	40,782	9,222
Philippines	(279)	8,639	13,162	17,243
United States of America	13,754	(2,522)	13,754	46,738
Singapore	-	43,813	-	43,813
United Kingdom	-	8,786	-	18,091
Canada	134	709	211	880
	<u>\$175,751</u>	<u>\$131,731</u>	<u>\$352,370</u>	<u>\$216,299</u>

In the period ended June 30, 2025, the Company had 3 principal customers individually accounting for more than 10% each for a total 67% of revenues (June 30, 2024-3 principal customers individually accounting for more than 10% each for a total 66% of revenues).

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

### Revenue by Major Product and Service

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Copper	\$95,519	\$86,265	\$195,116	\$140,447
Gold	78,379	43,665	153,748	73,375
Silver	1,719	1,092	3,295	1,597
Other	134	709	211	880
	<u>\$175,751</u>	<u>\$131,731</u>	<u>\$352,370</u>	<u>\$216,299</u>

## 19. FINANCIAL INSTRUMENTS, INTEREST RATE AND CREDIT RISK

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

### Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity comprised of share capital, contributed surplus, currency translation adjustment and retained earnings.

### Credit Risk

The Company's credit risk is limited to cash, trade and other receivables, and future site reclamation deposits in the ordinary course of business. The credit risk of cash and future site reclamation deposits is mitigated by placing funds in financial institutions with high credit quality.

### Liquidity Risk

The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. The Company ensures that in addition to cash balances there are sufficient committed credit facilities, including the advance payment facilities with its customers, to provide cash necessary to meet projected cash requirements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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

The Company holds investments in mineral and exploration properties. While these may be convertible to cash they are not considered when assessing the Company's liquidity as they are part of the risk management program of the Company, long-term strategic holdings, or are only convertible to cash over a longer time horizon if realizable values exceed management's assessment of fair value, respectively.

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

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

### Currency Risk

Financial instruments that impact the Company's net income (loss) and comprehensive income (loss) due to currency fluctuations include US dollar denominated cash, trade, and other accounts receivable, reclamation deposits, trade and other payables and debt. If the US Dollar had been 10% higher/lower and all other variables were held constant, net income (loss) and comprehensive income (loss) for the six months ended June 30, 2025 would have been higher/lower by \$1,929.

### 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 six months ended June 30, 2025 would have increased/decreased by \$256.

### 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 are comprised of the following:

	Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
	Provisional lb/oz	Provisional Price per lb/oz	Provisional lb/oz	Provisional Price per lb/oz
	000's	US\$	000's	US\$
Copper (lb)	17,150.9	\$4.47	5,904.8	\$4.32
Gold (oz)	2.2	\$3,322	5.5	\$2,328

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

	Six Months Ended June 30, 2025			Six Months Ended June 30, 2024		
	Copper	Gold & Silver	Total	Copper	Gold & Silver	Total
Realized	\$3,703	\$1,455	\$5,158	\$(254)	\$227	\$(27)
Unrealized	3,973	5,164	9,137	(1,030)	140	(890)
Total	\$7,676	\$6,619	\$14,295	\$(1,284)	\$367	\$(917)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2025 and 2024

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### 20. COMMITMENTS AND PLEDGES

At June 30, 2025, the Company has pledged the following assets for settlement of future site reclamation provisions:

Letters of credit and reclamation surety bonds	\$100,066
Mineral property, plant and equipment (Note 5)	1,370
Reclamation deposits	416
	<u>\$101,852</u>

### 21. CONTINGENT LIABILITIES

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

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 interlocutory issues have been and continue to be argued before the court, with decisions under reserve. Accordingly, the Company is unable to reasonably assess the potential outcomes of this indictment.

In April 2025, the Xat'sül First Nation (Xat'sül) commenced a petition for judicial review seeking to set aside two decisions (the "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, Xat'sül filed an application seeking to stop work under those decisions until the judicial review is heard (collectively, the "Application"). On August 6, 2025, the Supreme Court of British Columbia released its oral decision to dismiss the Application on the basis that the Decisions were reasonable and correct and the consultation was adequate and conducted fairly.

### 22. SUBSEQUENT EVENTS

- a) On July 14, 2025 the Company announced its intention to redeem at par on August 18, 2025 (the "Redemption Date") all of its outstanding \$47,000,000 principal amount of the Senior Unsecured Convertible Debenture ("Debentures") due August 30, 2027. The Company has issued notice to the holders of the Debentures that it wishes to exercise its right to redeem the Debentures on the Redemption Date. Until five business days prior to the Redemption Date, each Holder retains the right to convert their Debenture into common shares of the Company ("Debenture Shares") in accordance with the terms of the Debenture at a conversion price of \$3.20 per share. Debenture Shares issuable upon such conversion will be delivered on the Redemption Date in lieu of the redemption price.
- b) Company granted stock options to employees to purchase up to 1,575,000 common shares of the Company at an exercise price of \$4.32 per share for a period of 5 years from the first vesting date. The options vest 25% annually over 4 years.



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