



Management's Discussion & Analysis
December 31, 2025 and 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 audited Consolidated Financial Statements and related notes for the year ended December 31, 2025. The Consolidated Financial Statements and comparative information have been prepared in accordance with IFRS[®] Accounting Standards ("IFRS Accounting Standards") as Issued by the International Accounting Standards Board ("IASB"). The reporting currency of the Company is the Canadian ("CDN") Dollar.

This MD&A contains statements that may be considered forward-looking information, and therefore investors are directed to review the *Forward-Looking Statements & Risks Notice* within this MD&A.

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 900, 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 March 12, 2026, the Company had 178,171,166 common shares outstanding, and, on a fully diluted basis, 186,631,591 common shares that are issuable on the 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 year ended December 31, 2025, and plans for the future based on facts and circumstances as of March 12, 2026.

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: 2026 production targets for the Mount Polley and Red Chris mines; expectations that the majority of the Mount Polley mill feed in 2026 will derive from the Phase 5 pushback in the Springer Pit and will be supplemented as needed by material from the low grade stockpiles; expectations that both copper and gold production will be lower in 2026 at Red Chris due to the planned mining sequence; plans for the next phase of Mount Polley diamond drilling which commenced in February 2026 to follow up on the most recent drilling campaign in the Bell Pit area; expectations that the Red Chris block cave feasibility study will be completed and a full funding decision for the block cave will be reached in 2026 pending receipt of the necessary consents and permits; Huckleberry mine's care and maintenance activities and 2026 plans to investigate and update the tailings facility design; 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; the *Fisheries Act* direct indictment instituted against the Company and others, including its subsidiary Mount Polley Mining Corporation, on December 6, 2024 (the "Indictment"); 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 financial measures including adjusted net loss, adjusted EBITDA, cash earnings and cash cost per pound of copper, which are not generally accepted accounting principles ("non-GAAP").

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 Company will be successful in defending itself against the Indictment, and any adverse findings or judgments resulting from the Indictment will not have a material adverse impact; 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 and/or permitting 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, the block cave funding decision 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, threats to state sovereignty, tariffs and other trade barriers; the quantum of claims, fines and penalties that may become payable by Imperial, including any which may result from the Indictment, and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against the Indictment, and any other 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; risks arising from 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 current Annual Information Form, and other public filings which are available on Imperial's profile at [sedarplus.ca](https://www.sedarplus.ca). For the reasons set forth above, investors should not place undue reliance on forward-looking information. Imperial does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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 audited 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 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 year ended December 31, 2025

Revenue of \$691.8 million during the year ended December 31, 2025 has exceeded the Company's previous record annual revenue of \$494.4 million which was achieved in 2024.

The Company extended its credit facility to March 31, 2027.

On July 14, 2025 the Company announced its intention to redeem at par on August 18, 2025 (the "Redemption Date") all of its outstanding \$47.0 million principal amount of the senior unsecured convertible debentures due August 30, 2027. On the Redemption Date, the debenture holders converted all of their debentures into common shares of the Company in accordance with the terms of the debentures at a conversion price of \$3.20 per common share and the Company issued 14,687,500 common shares upon such conversion in lieu of the redemption price.

During the year ended December 31, 2025, the Company repaid non-convertible debentures with a combined principal amount of \$99.5 million plus accrued interest. The debentures carried an interest rate of 12% per annum.

Subsequent events after the year ended December 31, 2025

On March 6, 2026 (the "Closing Date"), pursuant to a non-brokered, private placement, the Company purchased 10,000,000 Units of AndeX Gold Inc. ("AndeX Gold"), a private company incorporated under the laws of Ontario, at a price of US\$1.00 per Unit for aggregate proceeds of US\$10.0 million. Each Unit consists of one Class A common share in the capital of AndeX Gold and one Class A common share purchase warrant (each a "Warrant"), with each Warrant entitling the purchase of one Class A common share of AndeX Gold at a per share price of USD\$1.50 for up to 36 months following the Closing Date.

AndeX Gold holds 96% of the issued and outstanding shares of AndeX Minerals Inc., a private company incorporated under the laws of Ontario, which owns the Sofia property (formerly known as the Anocarire project) in Chile. Proceeds will be used to fund the continued exploration and development of the Sofia property in Chile.

OVERVIEW

FINANCIAL

Select Annual Financial Information

expressed in thousands, except share and per share amounts

	Year Ended December 31		
	2025	2024	2023
Operations:			
Total revenues	\$691,781	\$494,371	\$344,455
Net income (loss)	\$153,780	\$106,261	\$(36,715)
Net income (loss) per share	\$0.91	\$0.66	\$(0.23)
Diluted income (loss) per share	\$0.89	\$0.65	\$(0.23)
Adjusted net income (loss) ⁽¹⁾	\$153,912	\$102,790	\$(36,092)
Adjusted net income (loss) per share ⁽¹⁾	\$0.91	\$0.64	\$(0.23)
Adjusted EBITDA ⁽¹⁾	\$381,682	\$207,754	\$22,939
Cash earnings ⁽¹⁾⁽²⁾	\$374,481	\$208,984	\$21,620
Cash earnings per share ⁽¹⁾⁽²⁾	\$2.23	\$1.29	\$0.14
Working capital deficiency	\$(121,614)	\$(197,543)	\$(167,597)
Total assets	\$1,793,209	\$1,657,881	\$1,411,990
Total debt (including current portion) ⁽³⁾	\$178,793	\$372,851	\$319,787

⁽¹⁾ Refer to table under heading *Non-GAAP 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.

⁽³⁾ Total debt consists of drawdowns on the credit facility, debentures, advanced development loan, and equipment loans and leases.

Select Items Affecting Net Loss

	Year Ended December 31		
	2025	2024	2023
	(000's)	(000's)	(000's)
Net income (loss) before undernoted items	\$179,336	\$140,978	\$(7,366)
Interest expense, net	\$(25,556)	(34,717)	(29,395)
Foreign exchange gain on debt	-	-	46
Net Income (loss)	\$153,780	\$106,261	\$(36,715)

Total revenue increased to \$691.8 million in 2025 compared to \$494.4 million in 2024, an increase of \$197.4 million or 40%.

Revenue from concentrate from the Mount Polley mine in 2025 was \$387.0 million compared to \$301.5 million in 2024, an increase of \$85.5 million. In 2025, the Mount Polley mine had 6.3 concentrate shipments (2024-7.0 concentrate shipments).

Imperial's 30% share of revenue from the Red Chris mine in 2025 was \$304.2 million compared to \$190.0 million in 2024, an increase of \$114.2 million. In 2025, the Red Chris mine (100% basis) had 20.0 concentrate shipments (2024-19 concentrate shipments).

Variations in revenue are impacted by the restart of operations, the 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\$4.51 in 2025 compared to US\$4.15 in 2024. London Bullion Market Association, London gold price per troy ounce averaged US\$3,435 in 2025 compared to US\$2,387 in 2024. The average US/CDN dollar exchange rate in 2025 was 1.398 compared to an average of 1.370 in 2024. In CDN dollar terms, the average copper price in 2025 was CDN\$6.30 per pound compared to CDN\$5.68 per pound in 2024, and the average gold price in 2025 was CDN\$4,802 per ounce compared to CDN\$3,271 per ounce in 2024.

The total revenue includes a positive revenue revaluation in 2025 of \$34.3 million compared to a negative revenue revaluation of \$11.1 million in 2024. 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 in 2025 was \$153.8 million (\$0.91 per share) compared to a net income of \$106.3 million (\$0.66 per share) in 2024. The majority of the increase in net income of \$47.5 million was primarily due to the following factors:

- Income from mine operations increased to \$304.3 million in 2025 from income of \$161.2 million in 2024, an increase of \$143.1 million;
- interest expense, net of interest income and capitalized interest was \$25.6 million in 2025 compared to \$34.7 million in 2024, a decrease of \$9.1 million due to the reduction in debt; and
- tax expense of \$95.9 million in 2025 increased from a tax expense of \$5.3 million in 2024, an increase of \$90.6 million.

Capital expenditures including finance leases were \$243.3 million in 2025, up from \$202.2 million in 2024. Expenditures in 2025 included:

- \$77.4 million in exploration and development, an increase of \$9.9 million in comparison to \$67.5 million in 2024;
- \$60.4 million for tailings dam construction, an increase of \$7.4 million in comparison to \$53.0 million in 2024;
- \$69.0 million on stripping costs, an increase of \$28.0 million in comparison to \$41.0 million in 2024; and
- Investment in sustaining capital of \$36.5 million, a decrease of \$4.2 million in comparison \$40.7 million in 2024.

At December 31, 2025, the Company had \$36.8 million in cash and cash equivalents, compared to \$58.1 million at December 31, 2024.

At December 31, 2025, the Company had not hedged any copper, gold or US/CDN Dollar exchange. 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

Mount Polley Mine

During the year ended December 31, 2025, a total of 6.714 million tonnes of ore was treated. Metal production was 30.715 million pounds of copper and 37,555 ounces of gold, a decrease of 14% and 4% respectively from 35.700 million pounds copper and 39,108 ounces gold produced in 2024. Copper recovery averaged 81.4% and gold recovery was 68.5% from grades averaging 0.255% copper and 0.254 g/t gold.

During the fourth quarter of 2025 1.452 million tonnes of ore were treated, down 12.6% in comparison to the fourth quarter of 2024. The production during the fourth quarter of 2025 was 4.660 million pounds copper, down 49.6% from the comparative quarter of 2024 and 6,589 ounces gold, down 31.1% from the comparative quarter of 2024.

The majority of the mill feed during the fourth quarter was from Phase 5 and low grade stockpiles. This led to lower grades and lower copper recovery during the period. The Phase 4 and 5 pushbacks of the Springer Pit generated approximately 50% of the mill feed during the quarter with the remainder coming from lower grade stockpiles. Phase 4 mining will be completed in March 2026.

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Ore milled - <i>tonnes</i>	1,452,466	1,660,937	6,714,195	6,741,127
Ore milled per calendar day - <i>tonnes</i>	15,788	18,054	18,395	18,418
Grade % - copper	0.193	0.306	0.255	0.292
Grade g/t - gold	0.216	0.256	0.254	0.263
Recovery % - copper	75.5	82.5	81.4	82.3
Recovery % - gold	65.4	69.9	68.5	68.6
Copper - <i>000's pounds</i>	4,660	9,242	30,715	35,700
Gold - <i>ounces</i>	6,589	9,564	37,555	39,108

The 2026 production target for the Mount Polley mine is 19.0 – 21.0 million pounds copper and 40,000-44,000 ounces gold. The majority of the mill feed in 2026 will come from the Phase 5 pushback in the Springer Pit which will be supplemented with low grade stockpiles to supply the mill feed.

Exploration program

Mount Polley 2025 Phase 2 exploration program had three goals: (i) to test a high-grade zone beneath the Wight Pit, (ii) to expand and determine the boundaries for mineralization in a potential C2 open pit expansion and find the boundaries of the higher gold grade encountered at depth in the C2 zone, and (iii) to test beneath the previously mined Bell Pit for depth extension.

The next phase of diamond drilling started in February 2026 and follows up on the successful results from the first drilling campaign at the Mount Polley mine in more than a decade in the Bell Pit area.

Exploration, development, and capital expenditures in 2025 were \$131.8 million compared to \$96.5 million in the 2024 comparative year.

Red Chris Mine

Red Chris metal production (100% basis) for 2025 was 93.101 million pounds copper and 92,429 ounces gold, an increase of 9% and 55% respectively from the 85.321 million pounds copper and 59,811 ounces gold produced in 2024. The increase of metal production in 2025 was due to higher grades and higher gold recovery, partially offset by lower tonnes of ore milled.

Imperial's 30% share of Red Chris mine production for 2025 was 27.930 million pounds of copper up from 25.596 million pounds copper in 2024 and 27,729 ounces of gold up from 17,943 ounces gold in 2024.

100% Red Chris mine production	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Ore milled - <i>tonnes</i>	2,323,518	2,404,488	8,679,538	8,989,816
Ore milled per calendar day - <i>tonnes</i>	25,256	26,136	23,780	24,562
Grade % - copper	0.587	0.653	0.584	0.516
Grade g/t - gold	0.558	0.528	0.536	0.367
Recovery % - copper	85.1	83.6	83.3	83.4
Recovery % - gold	63.5	59.6	61.7	56.3
Copper - <i>000's pounds</i>	25,596	28,952	93,101	85,321
Gold - <i>ounces</i>	26,482	24,359	92,429	59,811

Newmont Mining Corporation's guidance for Red Chris mine production (100%) is 60.0 – 66.0 million pounds of copper and 47,500 – 52,500 ounces of gold for the calendar year 2026. Both copper and gold production are expected to be lower in 2026 at Red Chris as the mining sequence provides for mining lower grade ore and stockpile processing during the year while stripping for the next open pit mining phase.

Imperial's 30% share of exploration, development, and capital expenditures in 2025 were \$107.0 million compared to \$104.0 million in the 2024 comparative year.

Block Cave Feasibility Study

The Red Chris feasibility study for a block cave expansion operation is advancing, as are permitting activities to support the underground project. Completion of the feasibility study and, subject to the study outcomes, joint venture approval are expected in the second half of 2026.

Exploration Program

Exploration plans for 2026 include drilling at the Far West zone and the Main Zone Offset zone, an interpreted zone of mineralization truncated and offset by the South Boundary fault. There will be surface exploration programs outside of the known zones of mineralization and the continuing of re-logging of the GJ property historic diamond drill core.

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, maintenance of site infrastructure and equipment, and mine permit compliance. Work is also planned in 2026 to investigate and update the tailings facility design for Huckleberry.

Diamond drilling at Huckleberry in 2025 consisted of nine drillholes, totalling 1,743 metres, intersecting copper, molybdenum, silver, and gold mineralization. The program tested an underexplored area southwest of the Main Zone pit. Angled diamond drill holes were designed to intersect the southern contact between the Main Zone intrusive stock and the surrounding host volcanic rock. Historically, the bulk of ore mined from the Main Zone occurred near this contact in the volcanic rock east and northeast of the Main Zone stock. The 2025 drilling expands upon and infills the Main Zone mineral resource to the southwest. Additional drilling is planned for 2026 to infill and expand upon the mineralization in this area.

In 2025, Huckleberry incurred idle mine costs comprised of \$7.9 million in operating costs and \$1.3 million in depreciation expense, which is a decrease from \$8.1 million in operating costs and \$1.2 million in depreciation in 2024.

Exploration, development, and capital expenditures were \$3.4 million in 2025 compared to \$0.8 million in 2024.

TECHNICAL INFORMATION

The technical and scientific information in this MD&A related to the Company's mineral projects has been reviewed and approved by Steve Robertson, P.Geo., Imperial's Vice President Corporate Development, and a designated Qualified Person as defined by NI 43-101.

EARNINGS AND CASH FLOW

Select Quarter Financial Information

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

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Operations:				
Total revenues	\$170,657	\$131,974	\$691,781	\$494,371
Net income	\$33,356	\$62,788	\$153,780	\$106,261
Net income per share	\$0.19	\$0.39	\$0.91	\$0.66
Diluted net income per share	\$0.18	\$0.39	\$0.89	\$0.65
Adjusted net income ⁽¹⁾	\$33,514	\$59,393	\$153,912	\$102,790
Adjusted net income per share ⁽¹⁾	\$0.19	\$0.37	\$0.91	\$0.64
Adjusted EBITDA ⁽¹⁾	\$92,073	\$70,203	\$381,682	\$207,754
Cash earnings ⁽¹⁾⁽²⁾	\$90,423	\$73,844	\$374,481	\$208,984
Cash earnings per share ⁽¹⁾⁽²⁾	\$0.51	\$0.46	\$2.23	\$1.29
Working capital deficiency	\$(121,614)	\$(197,543)	\$(121,614)	\$(197,543)
Total assets	\$1,793,209	\$1,657,881	\$1,793,209	\$1,657,881
Total debt (including current portion) ⁽³⁾	\$178,793	\$372,851	\$178,793	\$372,851

⁽¹⁾ Refer to *Non-GAAP 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.

⁽³⁾ Total debt consists of the drawdowns of credit facility, advanced development loan, non-convertible debentures, and equipment loans and leases.

NON-GAAP FINANCIAL MEASURES

The Company reports on four non-GAAP financial measures: adjusted net income, 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, adjusted EBITDA, cash earnings and cash cost per pound of copper are not standardized financial measures under IFRS Accounting Standards and might not be comparable to similar financial measures disclosed by other issuers. Reconciliations are provided below.

Adjusted Net Income and Adjusted Net Income Per Share

Adjusted net income is derived from operating net income by removing the gains or loss, resulting from acquisition and disposal of property, net of tax, unrealized foreign exchange gains or losses on long term debt, net of tax and other non-recurring items. Adjusted net income in 2025 was \$153.9 million (\$0.91 per share) compared to an adjusted net income of \$102.8 million (\$0.64 per share) in 2024. We believe that the presentation of Adjusted Net Income 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

expressed in thousands, except share and per share amounts

	Year Ended December 31	
	2025	2024
Net income	\$153,780	\$106,261
Loss (gain) on disposal of mineral properties, net of tax	132	(73)
Other non-operating (income) loss, net of tax	-	(3,398)
Total Adjusted Net Income	\$153,912	\$102,790
Basic weighted average number of common shares outstanding	168,272,637	161,871,341
Total Adjusted Net Income Per Share	\$0.91	\$0.64

Adjusted EBITDA

Adjusted EBITDA in 2025 was \$381.7 million compared to \$207.8 million in 2024. We define Adjusted EBITDA as net income before interest expense, net of interest income and capitalized interest, 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 Accounting Standards 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 Accounting Standards. 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:

	Year Ended December 31	
	2025	2024
	(000's)	(000's)
Net income	\$153,780	\$106,261
Adjustments:		
Income and mining tax expense	95,924	5,293
Interest expense, net	25,556	34,717
Depletion and depreciation	95,595	61,548
Accretion of future site reclamation provisions	8,178	5,105
Share based compensation	1,652	552
Foreign exchange loss (gain)	816	(967)
Reversal of provision	-	(4,655)
Loss (gain) on disposal of mineral properties	181	(100)
Total Adjusted EBITDA	<u>\$381,682</u>	<u>\$207,754</u>

Cash Earnings and Cash Earnings Per Share

Cash earnings in 2025 was \$374.5 million compared to \$209.0 million in 2024. Cash earnings per share were \$2.23 in 2025 compared to \$1.29 in 2024.

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 Accounting Standards. 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, except per share and per share amounts

	Year Ended December 31	
	2025	2024
Net income	\$153,780	\$106,261
Items not affecting cash flows:		
Deferred mining and deferred income tax expense	88,723	1,868
Interest expense, net	25,556	34,717
Depletion and depreciation	95,595	61,548
Accretion of future site reclamation provisions	8,178	5,105
Share based compensation	1,652	552
Unrealized foreign exchange loss (gain)	816	(967)
Loss (gain) on disposal of mineral properties	181	(100)
Total Cash Earnings	\$374,481	\$208,984
Basic weighted average number of common shares outstanding	168,272,637	161,871,341
Total Cash Earnings Per Share	\$2.23	\$1.29

Cash Cost Per Pound of Copper Produced

Management uses this non-GAAP financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this non-GAAP financial measure individually for its two operating copper mines, Mount Polley and Red Chris (30% share), 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 income, to the cash cost per pound of copper produced in US\$ for the three months ended December 31, 2025 and 2024.

Calculation of Cash Cost Per Pound of Copper Produced
expressed in thousands, except cash cost per pound of copper produced

	Three Months Ended December 31, 2025		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	\$40,694	\$57,396	\$98,090
Less:			
Depletion and depreciation	(6,662)	(18,049)	(24,711)
Share based compensation	(106)	-	(106)
Cash costs before adjustment to production basis	33,926	39,347	73,273
Adjust for inventory change	(4,976)	(1,664)	(6,640)
Adjust transportation and offsite costs	(329)	241	(88)
Adjust for other costs	(782)	(152)	(934)
Treatment, refining and royalty costs	(2,111)	982	(1,129)
By-product and other revenues	(38,281)	(45,559)	(83,840)
Cash cost of copper produced in CDN\$	\$(12,553)	\$(6,805)	\$(19,358)
US\$ to CDN\$ exchange rate	1.3949	1.3949	1.3949
Cash cost of copper produced in US\$	\$(8,999)	\$(4,879)	\$(13,878)
Copper produced – 000's pounds	4,660	7,678	12,338
Cash cost per lb copper produced in US\$	\$(1.93)	\$(0.64)	\$(1.12)

	Three Months Ended December 31, 2024		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	\$39,406	\$29,200	\$68,606
Less:			
Depletion and depreciation	(5,758)	(6,277)	(12,035)
Share based compensation	26	-	26
Cash costs before adjustment to production basis	33,674	22,923	56,597
Adjust for inventory change	5,709	11,920	17,629
Adjust transportation and offsite costs	515	281	796
Adjust for other costs	(1,710)	-	(1,710)
Treatment, refining and royalty costs	2,620	1,853	4,473
By-product and other revenues	(35,362)	(26,830)	(62,192)
Cash cost of copper produced in CDN\$	\$5,446	\$10,147	\$15,593
US\$ to CDN\$ exchange rate	1.3990	1.3990	1.3990
Cash cost of copper produced in US\$	\$3,893	\$7,253	\$11,146
Copper produced – 000's pounds	9,242	8,686	17,928
Cash cost per lb copper produced in US\$	\$0.42	\$0.84	\$0.62

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 year ended December 31, 2025 and 2024.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Year Ended December 31, 2025		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	\$159,350	\$228,091	\$387,441
Less:			
Depletion and depreciation	(28,399)	(65,849)	(94,248)
Share based compensation	(220)	-	(220)
Cash costs before adjustment to production basis	130,731	162,242	292,973
Adjust for inventory change	(3,303)	(1,492)	(4,795)
Adjust transportation and offsite costs	(1,712)	(1,581)	(3,293)
Adjust for other costs	(789)	(152)	(941)
Treatment, refining and royalty costs	(3,290)	3,945	655
By-product and other revenues	(175,029)	(132,206)	(307,235)
Cash cost of copper produced in CDN\$	\$(53,392)	\$30,756	\$(22,636)
US\$ to CDN\$ exchange rate	1.3979	1.3979	1.3979
Cash cost of copper produced in US\$	\$(38,195)	\$22,002	\$(16,193)
Copper produced – 000's pounds	30,715	27,930	58,645
Cash cost per lb copper produced in US\$	\$(1.24)	\$0.79	\$(0.28)

	Year Ended December 31, 2024		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	\$176,064	\$157,088	\$333,152
Less:			
Depletion and depreciation	(24,236)	(36,113)	(60,349)
Share based compensation	(59)	-	(59)
Cash costs before adjustment to production basis	151,769	120,975	272,744
Adjust for inventory change	5,084	19,328	24,412
Adjust transportation and offsite costs	245	97	342
Adjust for other costs	(2,114)	-	(2,114)
Treatment, refining and royalty costs	8,517	7,012	15,529
By-product and other revenues	(129,149)	(59,197)	(188,346)
Cash cost of copper produced in CDN\$	\$34,352	\$88,215	\$122,567
US\$ to CDN\$ exchange rate	1.3700	1.3700	1.3700
Cash cost of copper produced in US\$	\$25,075	\$64,391	\$89,466
Copper produced – 000's pounds	35,700	25,596	61,296
Cash cost per lb copper produced in US\$	\$0.70	\$2.52	\$1.46

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the net assets of the arrangement. Joint control is considered to exist when all parties to the joint arrangement are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint ventures are recognized as an investment and accounted for using the equity method of accounting.

Joint Operations

A joint operation is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the assets and liabilities relating to the arrangement. Joint control is considered to exist when all parties to the joint arrangement are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint operations are accounted for by recognizing the Company's share of assets, liabilities, revenues and expenses incurred jointly.

Joint Operations Without Sharing Control

The Company participates in an unincorporated arrangement relating to its interest in the Red Chris mine and has rights to its share of the undivided assets, liabilities, revenues and expenses of the property, subject to the arrangement, rather than a right to a net return, and does not share joint control. All such amounts are measured in accordance with the terms of the arrangement, which is based on the Company's proportionate interest in the asset, liabilities, revenues and expenditures of the property and recorded in the financial statements in the appropriate line items according to their nature. The Company's proportionate share includes certain adjustments to ensure consistency of accounting policies with those of the Company.

Cash and cash equivalents

In the statement of financial position, cash and cash equivalents are comprised of cash (i.e. cash on hand and on-demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Company is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

Inventory

Copper concentrates, inclusive of contained gold and silver, magnetite concentrate, and other costs associated with stockpile ore are valued on a first in first out basis at the lower of production cost to produce saleable metal and net realizable value. Net realizable value is calculated as described under "Revenue Recognition". Production costs include direct labour, operating materials and supplies, transportation costs and applicable overhead, and depletion and depreciation.

Materials and supplies inventories are valued at the lower of cost and net realizable value. Cost includes acquisition cost and any directly related costs, including freight.

The portion of the ore stockpile and supplies that are to be processed/used more than 12 months from the reporting date and critical spare items, which might impact production if unavailable, are classified as non-current inventory.

Materials and supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock and a general allowance for obsolescence. A regular review is undertaken to determine the extent of any provision for obsolescence.

Mineral Properties

Mineral properties represent capitalized expenditures related to the development of mining properties, related plant and equipment, expenditures related to exploration activities and expenditures arising from property acquisitions. Capitalized costs include interest and financing costs for amounts borrowed to develop mining properties and construct facilities, and operating costs, net of revenues, incurred prior to the commencement of commercial production.

The costs associated with mineral properties are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. The value associated with resources and exploration potential is the value beyond proven and probable reserves assigned through acquisition. The value allocated to reserves is depleted on a unit-of-production method over the estimated recoverable proven and probable reserves at the mine.

The resource value represents the property interests that are contained in the measured and indicated resources that are not within the proven and probable reserves. Exploration potential is (i) mineralization included in inferred resources; (ii) areas of potential mineralization not included in any resource category. At least annually or when otherwise appropriate and subsequent to its review and evaluation for impairment, value from the exploration, evaluation and development category is transferred to the mineral properties category if resources or exploration potential have been converted into reserves.

Capitalized costs for mineral properties are depleted by property using the unit-of-production method over the estimated recoverable proven and probable reserves at the mines to which they relate.

Commencement of Commercial Production

On the commencement of commercial production, net costs are charged to operations using the unit-of-production method by property based upon estimated recoverable reserves. Management considers a number of factors related to the ability of a property to operate at its design capacity over a specified period of time in determining when a property has reached commercial production. These factors include production levels as intended by management, plant throughput quantities, recovery rates, and number of uninterrupted days of production.

Property, Plant and Equipment

Property, plant and equipment is carried at cost, less accumulated depletion & depreciation and impairment losses. Capitalized costs include the fair value of consideration given to acquire or construct an asset, capitalized interest related to that asset and includes the direct charges associated with bringing the asset to the location and condition necessary for placing it into use along with the future cost of dismantling and removing the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The costs of major overhauls of parts of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in income or loss as incurred.

Milling equipment and related buildings, intangible assets used in production, and tailings facilities are depleted on a unit-of-production basis over the estimated recoverable proven and probable reserves at the mines to which they relate.

Mobile mine equipment and vehicles are depreciated over the estimated useful lives of the assets either on a unit-of-production basis or using the straight line method with useful lives of 4-12 years. Office, computer and communications equipment are depreciated using the straight line method with useful lives of 4-5 years. The estimated residual value and useful lives are reassessed at each year end and depreciation expense is adjusted on a prospective basis.

Stripping Costs

Costs associated with the removal of overburden and rock that are incurred in the production phase of mining operations are included in the cost of the inventory produced in the period in which they are incurred, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortized over the reserve accessed by the stripping activity using the unit-of-production method as these reserves will directly benefit from the deferred stripping costs incurred.

Assessment of Impairment and impairment reversal

Management reviews the carrying value of exploration and evaluation properties at the end of each reporting period for indication of impairment and impairment reversal. This review is generally made with reference to timing of exploration work, work programs proposed, and the exploration results achieved by the Company and by others in the related area of interest.

Post-feasibility exploration properties, producing mining properties and plant and equipment are reviewed at the end of each reporting period for evidence of indicators of impairment at the cash generating unit (CGU) level. A CGU is defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any such indication exists, the entity shall estimate the recoverable amount of the CGU to determine if it exceeds the CGU's carrying value.

The recoverable amount for a CGU is the greater of the fair value less cost of disposal (FVLCD) and the value in use. Fair value less cost of disposal is the amount that would be received by the Company to sell a CGU in a transaction between arms-length parties less any costs directly attributable to the disposal of the CGU. Value in use is the present value of future cash flows expected to be derived by the Company from the CGU, which is estimated using discounted cash flow techniques. When it is not possible to determine fair value less cost of disposal by quotes from an active market, a written offer to purchase the CGU, or a binding sales agreement to purchase the CGU, the Company estimates the fair value less cost of disposal using discounted cash flow techniques. Resources in the measured and indicated categories are valued using estimated fair values based on market transactions.

Discounted cash flow techniques are dependent on a number of factors, including future metal prices, the amount of reserves, resources and exploration potential, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and future site reclamation costs. Additionally, the reviews take into account factors such as political, social, legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts in assessing these factors.

Producing mining properties that have been impaired in prior periods are tested for evidence of possible impairment reversal whenever events or significant changes in circumstances indicate that the impairment may have been reversed. Indicators of a potential reversal of an impairment loss mainly mirror the indicators present when the impairment was originally recorded.

An impairment loss or reversal thereof is recognized in income or loss to the extent that the carrying amount exceeds or is below the recoverable amount.

Leases

- *Right-of-use assets.* The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.
- *Lease liabilities.* At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.
- *Short-term leases and leases of low-value assets.* The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
- *Significant judgement in determining the lease term of contracts with renewal options.* The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Future Site Reclamation Costs

The Company's mining and exploration activities are subject to various statutory, contractual or legal obligations for protection of the environment. At the date the obligation is incurred, the Company records a liability, discounted to net present value, for the best estimate of future costs to retire an asset including costs for dismantling, remediation and ongoing treatment and monitoring of the site. The present value is determined using a pre-tax interest rate reflecting the time of value of money. The liability is accreted over time to the estimated amount ultimately payable through periodic charges to income or loss. The estimated present value of the future site reclamation costs are reviewed for material changes at each reporting date and re-measured at least annually or when there are significant changes in the assumptions giving rise to the estimated cash flows.

Future site reclamation costs are capitalized as part of the carrying value of the related mineral property at its initial discounted value and amortized over the useful life of the mineral property using the unit-of-production method. Subsequent changes to future site reclamation costs are recorded with a corresponding change to the carrying amounts of related mineral property.

Income and Mining Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

The Company accounts for income and mining taxes using the liability method. Under this method, deferred tax assets and deferred tax liabilities are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of deferred tax assets, including unused tax losses and tax credits, are recognized to the extent that it is probable that taxable profit will be available against the deductible temporary difference and the tax loss and tax credits can be utilized. These deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized.

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax bases. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination which does not affect either accounting or taxable income or loss. Government assistance, including investment tax credits, is credited against the expenditure generating the assistance when it is probable that the government assistance will be realized.

Revenue Recognition

The revenue from sale of concentrate is recognized at an amount that reflects the consideration that the Company expects to receive. The Company established a five-step model to account for revenue arising from contracts with customers: to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. The Company exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of revenue recognition model to contracts with customers.

The revenue from the sale of concentrate is recognized at the point in time when control of the concentrate passes to the customer which occurs when title transfer to the customer which is generally on the date of shipment.

Revenue is recorded in the statement of income and comprehensive income net of treatment and refining costs and royalties paid to counterparties under terms of the off take arrangements. The estimated revenue is recorded based on metal prices and exchange rates on the date of shipment and is adjusted at each reporting date to the metal prices at the date of settlement. The actual amounts will be reflected in revenue upon final settlement, which could be as long as four to five months after the date of shipment. These adjustments reflect changes in metal prices and changes in quantities arising from final weight and assay calculations. The adjustments are constrained and are only recognized to the extent that it is highly probable that a significant reversal of in the amount of cumulative revenue recognized will not occur.

Financial Assets

Financial assets are initially measured at fair value and are subsequently measured at either amortized cost or fair value through profit or loss, depending on the classification of the financial assets.

The classification of assets is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics and the Company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of a year or less, are measured at the transaction price determined under IFRS 15 in accordance with revenue recognition accounting policy. For other financial assets, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs. The Company records the fair value of marketable securities at the reporting date using quoted market prices.

The Company has categorized its financial assets in accordance with International Financial Reporting Standard 9, Financial Instruments (“IFRS 9”) into one of the following two categories:

Fair Value Through Profit or Loss

Includes equity investments, gold and copper price contract assets, gold and copper swap contracts, copper forward contracts, and other financial assets designated to this category under the fair value option. The Company has assessed the contractual cash flows of its provisionally priced contracts in accordance with IFRS 9 and has classified these receivables as fair value through profit or loss (“FVTPL”).

Financial Assets at Amortized Cost

Includes cash, future site reclamation deposits and trade receivables at amortized cost.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Company is the last bid price of the day.

Financial assets measured at amortized cost are subject to an allowance for expected credit losses based on the historic experience realizing these assets and information available about the probability of future collection. The Company applies a simplified lifetime expected credit loss model to measure expected credit losses for trade and other receivables that are not measured at FVTPL.

Impairment losses are recognized in income or loss in the period they occur based on the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The Company recognizes an impairment gain or loss in profit or loss for its financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial Liabilities

Financial liabilities are accounted for at amortized cost except for those at FVTPL which includes liabilities designated as FVTPL and derivatives. Financial liabilities classified as FVTPL or those which are designated as FVTPL under the fair value option are measured at fair value with unrealized gains and losses recognized in net earnings. In cases where financial liabilities are designated as FVTPL, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the statements of operations. Financial liabilities at amortized cost are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost.

The Company has classified its financial liabilities in accordance with IFRS 9 into one of the following two categories:

Fair Value Through Profit or Loss

Includes settlement payables related to copper price option contract liabilities.

Financial Liabilities at Amortized Cost

Includes trade and other payables, short term debt and long term debt.

Foreign Currency Translation

Items included in the financial statements of each of the Company’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the actual rate prevailing at the date of transaction. Each reporting period foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of the entity are recognized in the statement of income and comprehensive income.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at the actual rate prevailing at the date of transaction. Equity is translated at historical cost. The resulting translation adjustments are included in currency translation adjustment in other comprehensive income. Additionally, foreign exchange gains and losses related to the settlement of certain intercompany loans are also included in equity as the settlement of these loans is neither planned nor likely to occur in the foreseeable future.

Foreign exchange gains and losses are presented in the statement of income and comprehensive income within “Other Income (Loss)”.

Reportable Segment Information

The Company's operations are primarily directed towards the exploration, development and production from its mineral properties in Canada. The Company has four reportable segments, Red Chris, including related exploration and development activities, Mount Polley, including related exploration and development activities, Huckleberry, including related exploration and development activities, and Corporate, including Sterling and all other properties and related exploration and development activities.

Share Based Payments

The Company has a share option plan that provides all option holders the right to receive common shares in exchange for the options exercised. The fair value of each option award that will ultimately vest is estimated on the date of grant using the Black-Scholes option-pricing model. Compensation expense is determined when stock options are granted and recognized in operations over the vesting period of the option. Consideration received on the exercise of stock options is recorded as share capital and the related share-based amounts of contributed surplus are credited to share capital.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Income Per Common Share

Basic net income per common share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per common share is computed in accordance with the treasury stock method and "if converted" method, as applicable, which uses the weighted average number of common shares outstanding during the period and also includes the dilutive effect of potentially issuable common shares from outstanding stock options, warrants and convertible debentures.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

(i) Critical Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Revenue Recognition

Determination of performance obligations. The Company applied judgement to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is the delivery of the concentrates. Shipping and insurance services arranged by the Company for its concentrate sales customers that occur after the transfer of control are also considered to be performance obligations.

Transfer of control. Judgement is required to determine when transfer of control occurs relating to the sale of the Company's concentrate to its customers. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, and whether the physical possession of the goods, significant risks and rewards and legal title have been transferred to the customer.

Variable consideration. Variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company identified a variable component of its revenue for concentrate sales relating to adjustments to the final sales price based on differences between the original and final assay results relating to the quantity and quality of concentrate shipments. Based on the Company's proficiency in its assaying process, evidenced by the insignificant amount of historical adjustments from the initial to final assays, the Company concluded the variability in consideration caused by assaying results was negligible. Therefore, the Company does not expect a significant amount of reversal in revenue related to assaying differences.

Impairment of Mineral Properties

In determining whether the impairment or reversal of a previous impairment of the carrying value of an asset is necessary, management first determines whether there are external or internal indicators that would signal the need to test for impairment or impairment reversal. These indicators consist of but are not limited to the prolonged significant changes in commodity prices, per ounce in-situ multiples, significant change to life of mine plans, significant changes to discount rates and if applicable, the factors which lead to a prolonged and sustained market capitalization deficiency.

In determining the economic recoverability and probability of future economic benefit of non-producing mineral properties management also considers geological information, likelihood of conversion of resources to reserves, estimated market values of measured and indicated resources, scoping and feasibility studies, permitting, infrastructure, development costs, and life of mine plans.

If an impairment or impairment reversal indicator is identified, the Company compares the carrying value of the asset against the recoverable amount. These determinations and their individual assumptions require that management make significant estimate based on the best available information at each reporting period.

Interests in Other Entities

As part of its process in determining the classification of its interests in other entities, the Company applies judgment in interpreting these interests such as

- the determination of the level of control or significant influence held by the Company;
- the accounting standard's applicability to the operations;
- the legal structure and contractual terms of the arrangement;
- concluding whether the Company has rights to assets and liabilities or to net assets of the arrangement; and
- when relevant, other facts and circumstances.

The Company has determined that Newcrest Red Chris Joint Venture represents joint operations without sharing control.

Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Canadian dollar is the functional currency for all operations of the Company except for the Company's US subsidiary which uses the US dollar as its functional currency. Determination of the functional currency involves certain judgments to determine the primary economic environment of each entity. If events and conditions in this environment change then the Company may need to reconsider the functional currency of these entities.

Contingencies

Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. Such contingencies include, but are not limited to, environmental obligations, litigation, regulatory proceedings, tax matters and losses that result from other events and developments. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgement regarding the outcome of future events.

Going concern

When making the going concern assessment, management takes into consideration the existing and anticipated effects of the current macroeconomic and geopolitical uncertainties on the Company's activities. These effects may result in material uncertainties that cast doubt on the Company's ability to operate as a going concern. In assessing whether the going concern assumption is appropriate, management consider all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

(ii) Critical Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Reserve and Resource Estimates

The Company estimates its reserves and resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects*. There are numerous uncertainties inherent in estimating reserves and resources, including many factors beyond the Company's control. Assumptions used in estimating reserves and resources include the forecast prices of commodities, exchange rates, production and capital costs, recovery rates and judgments used in engineering and geological interpretation of available data. Assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Estimated reserves are used in the calculation of depreciation and depletion, impairment assessment on mineral properties and goodwill, assessment of life of pit stripping ratios and for forecasting the timing of future site reclamation costs. Therefore, changes in the estimates and assumptions used to determine reserves could have a material effect in the future on the Company's financial position and results of operations.

Depletion and Depreciation of Mineral Properties

Depletion and depreciation of mineral properties is based on the estimated mineral reserves for each mineral property subject to depletion and estimated useful lives and depreciation rates for property, plant and equipment. Should asset life, depletion rates or depreciation rates differ from the initial estimate then this would impact the carrying value of the assets resulting in the adjustment being recognized in the consolidated statement of income.

Stripping Costs

The determination of costs associated with the removal of overburden and rock involve estimates related to whether or not these costs represent a betterment to the mineral property. Management uses several factors to determine whether to capitalize stripping costs including quantity and grade of materials being accessed, estimated future commodity prices, operating costs and life of mine plan. If any of these factors change then the determination of which materials are included in stripping costs may change resulting in higher mine operating costs in future periods.

Future Site Reclamation Provisions

Future site reclamation provisions represent management's estimate of the present value of future cash outflows required to settle estimated reclamation obligations at the end of a mine's life. The provision incorporates estimated future costs, inflation, and risks associated with the future cash outflows, discounted at the pre-tax interest rate reflecting the time value of money for the future cash outflows. Estimating the inflation rates and discount rates for obligations beyond 2054 requires significant management judgement due to its high degree of estimation uncertainty. Changes in any of these factors can result in a change to future site reclamation provisions and the related accretion of future site reclamation provisions. Changes to future site reclamation provisions are charged or credited to mineral properties and may result in changes to future depletion expense.

Income Taxes

In determining tax assets and liabilities and related tax expense management makes estimates of future taxable income, tax rates, expected timing of reversals of existing temporary differences and the likelihood that tax returns as filed by the Company will be assessed by taxation authorities as filed. Recoveries of deferred tax assets require management to assess the likelihood that the Company will generate sufficient taxable income in future periods to recognize the deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets could be impacted.

Share Based Compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share based compensation. This pricing model requires the input of subjective assumptions including expected price volatility, interest rate and estimated forfeiture rate. Changes in these assumptions can materially affect the fair value estimate of share based compensation and the related equity accounts of the Company.

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IAS 21 Lack of Exchangeability;
- IFRS 18 Presentation and Disclosures in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures; and
- Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7.

The Company does not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements.

Climate-Related Matters

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- *Useful life of property, plant and equipment.* When reviewing the residual values and expected useful lives of assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.
- *Impairment of non-financial assets.* The value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation and regulations and changes in demand for the Company's products.
- *Fair value measurement.* The Company believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings and equipment due to climate-related legislation and regulations.
- *Future reclamation provision and decommissioning liability.* The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning of the Company's mine sites and facilities.

RESULTS FROM OPERATIONS FOR 2025 COMPARED TO 2024

This review of the results of operations should be read in conjunction with the audited Consolidated Financial Statements of the Company for the years ended December 31, 2025, and December 31, 2024.

Overview

Revenues increased to \$691.8 million in 2025 compared to \$494.4 million in 2024, an increase of \$197.4 million or 40%. Variations in revenue are impacted by the 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 in 2025 was \$153.8 million (\$0.91 per share) compared to a net income of \$106.3 million (\$0.66 per share) in 2024. The majority of the increase in net income of \$47.5 million was primarily due to the following factors:

- Income from mine operations increased to \$304.3 million in 2025 from income of \$161.2 million in 2024, an increase of \$143.1 million;
- interest expense, net of interest income and capitalized interest was \$25.6 million in 2025 compared to \$34.7 million in 2024, a decrease of \$9.1 million due to the reduction in overall debt; and
- tax expense of \$95.9 million in 2025 increased from a tax expense of \$5.3 million in 2024, an increase of \$89.9 million.

The average US\$/CDN\$ dollar exchange rate in 2025 was 1.398 compared to an average of 1.370 in 2024.

Revenue

	Year Ended December 31	
	2025	2024
Quantities sold - contained metal		
Copper - 000's pounds	58,786	60,753
Gold - ounces	64,575	56,436
Silver - ounces	138,805	137,630
	Year Ended December 31	
	2025	2024
	(000's)	(000's)
Revenue		
Copper	\$374,365	\$314,345
Gold	309,699	173,030
Silver	7,196	4,129
	691,260	491,504
Corporate and Other	521	2,867
Total Revenue	\$691,781	\$494,371

During 2025, the Company sold 58.8 million pounds copper and 64,575 ounces gold compared to 60.8 million pounds copper and 56,436 ounces gold in 2024. Total revenue during 2025 was \$691.8 million compared to \$494.4 million during 2024.

The Mount Polley mine had 6.3 concentrate shipments in 2025 (2024-7.0 concentrate shipments). The Red Chris mine (100% basis) had 20.0 concentrate shipments in 2025 (2024-19.0 concentrate shipments).

The Company's revenue was derived primarily from the sale of copper and gold in concentrate from the Mount Polley and Red Chris mines. The Mount Polley mine accounted for 56% and the Red Chris Mine accounted for 44% of the Company's revenue in 2025 (2024-62% and 38% accordingly).

Copper accounted for 54% and gold accounted for 45% of the Company's revenue in 2025 (2024-64% and 35% accordingly).

Cost of Sales

	Year Ended December 31	
	2025	2024
	(000's)	(000's)
Operating expenses	\$292,973	\$272,744
Stock Based compensation	220	59
Depletion and depreciation	94,248	60,349
	<u>\$387,441</u>	<u>\$333,152</u>

Cost of sales for 2025 was \$387.4 million compared to \$333.2 million in 2024 due to the following major factors:

- operating expenses and salaries for 2025 were \$293.0 million compared to \$272.7 million in 2024, which is net of capitalized stripping cost of \$69.0 million in 2025 (2024-\$41.0 million);
- depletion and depreciation for 2025 was \$94.2 million compared to \$60.3 million in 2024; and
- included in cost of sales for 2025 are inventory impairment in relation to stockpile ore, concentrate inventory and supplies inventory of \$6.4 million compared to \$5.2 million of impairment in 2024.

Interest Expense, net

Interest expense, net of the capitalized interests and interest income, was \$25.6 million in 2025 compared to \$34.7 million in 2024.

	Year Ended December 31	
	2025	2024
	(000's)	(000's)
Interest and finance fees on long term debt:		
Convertible debentures	\$3,062	\$4,832
Non-convertible debentures	15,257	18,148
Equipment loans and leases	836	953
	<u>19,155</u>	<u>23,933</u>
Other interest and finance fees		
Credit facility	4,056	8,933
Advanced development loan	8,820	6,675
Other	4,296	4,049
	<u>17,172</u>	<u>19,657</u>
Less capitalized interest	<u>(8,820)</u>	<u>(6,688)</u>
Total interest expense	27,507	36,902
Less interest income	(1,951)	(2,185)
Total interest expense, net	<u>\$25,556</u>	<u>\$34,717</u>

Other (Loss) Income

Other loss totaled \$0.8 million in 2025 compared to other income of \$5.6 million in 2024.

	Year Ended December 31	
	2025	2024
	(000's)	(000's)
Foreign exchange (loss) gain	\$(816)	\$967
Reversal of provision	-	4,655
	<u>\$(816)</u>	<u>\$5,622</u>

Income and Mining Taxes

The reported income tax provision differs from the amounts computed by applying the Canadian federal and provincial statutory rates to the income before income taxes due to the following reasons:

	Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
	(000's)		(000's)	
Income before taxes	\$249,704	100.0	\$111,553	100.0
Tax expense thereon at statutory rates	(67,420)	(27.0)	(30,119)	(27.0)
Decrease (increase) resulting from:				
Non-deductible share-based compensation	(446)	(0.2)	(149)	(0.1)
Change in valuation allowance, including revisions to prior year estimates	(3,531)	(1.4)	14,888	13.3
B.C. mineral tax	(24,376)	(9.8)	10,118	9.1
Other	(151)	(0.1)	(31)	-
Income and mining tax expense	<u>(95,924)</u>	<u>(38.4)</u>	<u>\$(5,293)</u>	<u>(4.7)</u>
Current income and mining tax expense	(7,201)		(3,425)	
Deferred income and mining tax expense	<u>(88,723)</u>		<u>(1,868)</u>	
	<u><u>\$(95,924)</u></u>		<u><u>\$(5,293)</u></u>	

	December 31 2025	December 31 2024
	(000's)	(000's)
Deferred income and mining tax assets	\$2,732	\$5,148
Deferred income and mining tax liabilities	(226,871)	(141,182)
Net deferred income and mining tax liabilities	<u><u>\$(224,139)</u></u>	<u><u>\$(136,034)</u></u>

	December 31 2025	December 31 2024
	(000's)	(000's)
Deferred income and mining tax assets and (liabilities)		
Mineral properties	\$266,701	\$245,434
Mineral properties – mineral tax	(21,580)	(1,964)
Net operating tax losses carried forward ⁽¹⁾	63,416	111,646
Other	726	(282)
Net deferred income and mining tax liabilities	<u><u>\$(224,139)</u></u>	<u><u>\$(136,034)</u></u>

⁽¹⁾ The Company believes that it is probable that the results of future operations will generate sufficient taxable income to realize the above noted deferred income tax assets.

At December 31, 2025, the Company had net operating tax loss carry forwards in Canada of \$237,025 which can be applied to reduce future Canadian taxable income and will expire between 2026 and 2045. In addition, the Company had net operating tax loss carry forwards in the United States of US\$20,682 which can be applied to reduce future US taxable income and will expire between 2030 to 2036.

The Company had the following tax effected temporary differences and tax effected unused tax losses at December 31, 2025 in respect of which no deferred tax asset has been recognized:

	Mineral Properties and Other	Tax Losses	Total
	(000's)	(000's)	(000's)
Expiry 2026 and beyond	\$ -	\$9,702	\$9,702
No expiry date	31,204	8,866	40,070
	<u><u>\$31,204</u></u>	<u><u>\$18,568</u></u>	<u><u>\$49,772</u></u>

SELECT QUARTERLY FINANCIAL INFORMATION

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

	Three Months Ended			
	December 31 2025	September 30 2025	June 30 2025	March 31 2025
Total revenues	\$170,657	\$168,754	\$175,751	\$176,619
Net income	\$33,356	\$38,537	\$40,550	\$41,337
Basic income per share	\$0.19	\$0.23	\$0.25	\$0.26
Diluted income per share	\$0.18	\$0.22	\$0.25	\$0.25
Adjusted net income ⁽¹⁾	\$33,514	\$38,511	\$40,550	\$41,337
Adjusted net income per share ⁽¹⁾	\$0.19	\$0.23	\$0.25	\$0.26
Adjusted EBITDA ⁽¹⁾	\$92,073	\$92,469	\$99,471	\$97,669
Cash earnings ⁽¹⁾	\$90,423	\$90,352	\$97,697	\$96,009
Cash earnings per share ⁽¹⁾	\$0.51	\$0.53	\$0.60	\$0.59
Average LME copper price/lb in USD\$	\$5.03	\$4.44	\$4.32	\$4.24
Average LBMA gold price/troy oz in USD\$	\$4,145	\$3,454	\$3,280	\$2,862
Average USD/CAD exchange rate	1.395	1.377	1.384	1.435
Period end USD/CAD exchange rate	1.371	1.392	1.364	1.438

	December 31	September 30	June 30	March 31
	2024	2024	2024	2024
Total revenues	\$131,974	\$146,098	\$131,731	\$84,568
Net income (loss)	\$62,788	\$32,268	\$20,370	\$(9,165)
Basic income (loss) per share	\$0.39	\$0.20	\$0.13	\$(0.06)
Diluted income (loss) per share	\$0.39	\$0.20	\$0.13	\$(0.06)
Adjusted net income (loss) ⁽¹⁾	\$59,393	\$32,268	\$20,294	\$(9,165)
Adjusted net income (loss) per share ⁽¹⁾	\$0.37	\$0.20	\$0.13	\$(0.06)
Adjusted EBITDA ⁽¹⁾	\$70,203	\$73,668	\$54,009	\$9,874
Cash earnings ⁽¹⁾	\$73,844	\$72,145	\$53,099	\$9,896
Cash earnings per share ⁽¹⁾	\$0.46	\$0.45	\$0.33	\$0.06
Average LME copper price/lb in USD\$	\$4.16	\$4.17	\$4.42	\$3.83
Average LBMA gold price/troy oz in USD\$	\$2,662	\$2,476	\$2,338	\$2,072
Average USD/CAD exchange rate	1.399	1.364	1.368	1.349
Period end USD/CAD exchange rate	1.439	1.350	1.369	1.355

⁽¹⁾ Refer to tables under heading *Non-GAAP 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 Accounting Standards other than in respect of the non-GAAP financial measures described in more detail under *Non-GAAP 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 USD/CAD 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 USD\$ 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 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.
- (b) 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.
- (c) The primary reason for the increase in net income in the September 2024 quarter compared to June 2024 quarter was the increase in revenue and income from mine operations at the Mount Polley and Red Chris mines, which was offset by the increase in income tax expense in the June 2024 quarter.
- (d) The primary reason for the increase in net income in the December 2024 quarter compared to September 2024 quarter was the reversal of a settlement provision and higher revenues at both Mount Polley and Red Chris.
- (e) The primary reason for the increase in net income in the March 2025 quarter compared to December 2024 quarter was higher revenues at both Mount Polley and Red Chris, which was offset by the increase in income and mining tax expense.
- (f) The income from mine operations improved by \$3.0 million for the quarter ended June 2025 compared to March 2025 quarter due to overall lower operating costs.
- (g) The income from mine operations reduced by \$9.2 million for the quarter ended September 2025 compared to June 2025 as less copper concentrate was sold in the third quarter.
- (h) Net income of \$33.4 million during quarter ended December 31, 2025 was lower compared to the September 2025 quarter due to an increase in deferred tax expense.

FOURTH QUARTER RESULTS FROM OPERATIONS

Revenue in the fourth quarter of 2025 was \$170.7 million compared to \$132.0 million in 2024. Sales revenue is recorded when title for concentrate is transferred on ship loading. Variations in revenue are impacted by the 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 along with finalization of contained metals as a result of final assays.

The income from mine operations in the fourth quarter of 2025 was \$72.6 million compared to the income of \$63.4 million in the comparative quarter of 2024.

The Company recorded a net income of \$33.4 million (\$0.19 income per share) in the fourth quarter of 2025 compared to net income of \$62.8 million (\$0.39 income per share) in the prior year quarter. The difference is mainly due to the current and deferred income and mining tax expense of \$25.0 million in the fourth quarter of 2025 compared to the net tax recovery of \$10.2 million in the prior year quarter of 2024.

Expenditures for exploration and ongoing capital projects at Mount Polley, Red Chris and Huckleberry totalled \$63.1 million during the fourth quarter of 2025, compared to \$45.6 million in the 2024 comparative quarter.

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 2024. 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 quarter ended December 31, 2025.

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 December 31, 2025, the Company had a working capital deficiency of \$121.6 million, including a cash balance of \$36.8 million which compares to a working capital deficiency of \$197.5 million and cash balance of \$58.1 million at December 31, 2024.

The Company had a \$125.0 million revolving credit facility on December 31, 2025 (December 31, 2024-\$125.0 million). As at December 31, 2025, a total of \$12.7 million (December 31, 2024-\$100.2 million) has been utilized that consists of drawdowns in amount of \$nil (December 31, 2024-\$90.5 million) and \$12.7 million (December 31, 2024-\$9.7 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 Company's 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 December 31, 2025:

	December 31 2025					December 31 2024	
	Within 1 Year (000's)	2 Years (000's)	3 Years (000's)	4 Years (000's)	5 years (000's)	Total (000's)	Total (000's)
Trade and other payables	\$119,204	\$500	\$500	\$500	\$3,000	\$123,704	\$102,475
Short term debt	119,709	-	-	-	-	119,709	167,963
Long term debt	56,400	3,157	480	270	-	60,307	210,273
Total	\$295,313	\$3,657	\$980	\$770	\$3,000	\$303,720	\$480,711

Currency Risk

Financial instruments that impact the Company's net loss and comprehensive 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 loss and comprehensive loss for the year ended December 31, 2025 would have been higher/lower by \$1.9 million.

Interest Rate Risk

The Company is exposed to interest rate risk on its credit facilities and advanced development loan. 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 in the year ended December 31, 2025 would have increased/decreased by \$1.2 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 were \$374.5 million in 2025 compared to \$209.0 million in 2024. Refer to *Cash Earnings and Cash Earnings Per Share* under *Non-GAAP Financial Measures* for further details.

Working Capital

At December 31, 2025, the Company had cash of \$36.8 million and a working capital deficiency of \$121.6 million, which includes \$174.9 million of short term debt and current portion of long term debt, compared to cash of \$58.1 million and a working capital deficiency of \$197.5 million at December 31, 2024, which included \$277.5 million of short term debt and current portion of long-term debt.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totaled \$243.3 million in 2025 compared to \$202.2 million 2024.

	Year Ended December 31	
	2025	2024
	(000's)	(000's)
Capital Expenditures		
Red Chris	\$34,783	\$41,011
Mount Polley	129,286	93,055
Huckleberry	1,826	628
	<u>165,895</u>	<u>134,694</u>
Exploration and Development Expenditures		
Red Chris	72,187	62,989
Mount Polley	2,540	3,424
Huckleberry	1,571	172
Other	1,111	876
	<u>77,409</u>	<u>67,461</u>
	<u>\$243,304</u>	<u>\$202,155</u>

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'sull First Nation ("Xat'sull") 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'sull 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. Xat'sull has appealed, but is no longer seeking injunctive relief. An appeal hearing has not yet been scheduled, but is expected to occur mid-2026.

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 December 31, 2025 or at the date of this document, other than those embedded in revenue contracts for provisional pricing.

DEBT AND OTHER OBLIGATIONS

At December 31, 2025, the Company's debt was comprised of \$nil million drawdown on the credit facility, \$47.2 million of debentures, \$119.7 million of advanced development loan and \$11.9 million of equipment loans and leases. Detailed disclosure on the Company's debt including amounts owed, interest rates and security can be found in Notes 7 and 8 of the Consolidated Financial Statements.

Off-Balance Sheet Arrangements

At December 31, 2025, 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.

FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as marketable securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price. The fair value of derivative instrument assets and liabilities are determined by the counterparties using standard valuation techniques for these derivative instruments.

The carrying value less impairment provision, if necessary, of trade and other receivables and trade and other payables are assumed to approximate their fair values.

IFRS 13 *Fair Value Measurement* requires disclosures about the inputs to fair value measurement, including their classifications within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The Company does not have any financial instruments measured at fair value through other comprehensive income (loss), no financial instruments, which would be measured as level 3 fair value hierarchy.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy at December 31, 2025 as follows:

	Carrying value at amortized cost <small>(000's)</small>	Fair Value Through Profit or Loss		Total <small>(000's)</small>
		Level 1 <small>(000's)</small>	Level 2 <small>(000's)</small>	
Financial Assets				
Cash and cash equivalents	\$36,821	\$ -	\$ -	\$36,821
Trade and other receivables	8,997	-	19,892	28,889
Future site reclamation deposits	-	416	-	416
	45,818	416	19,892	66,126
Financial Liabilities				
Trade and other payables	(122,193)	-	-	(122,193)
Short term debt	(119,709)	-	-	(119,709)
Long term debt	(59,084)	-	-	(59,084)
	(300,986)			(300,986)
	<u>\$ (255,168)</u>	<u>\$416</u>	<u>\$19,892</u>	<u>\$ (234,860)</u>

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

	December 31 2025 (000's)	December 31 2024 (000's)
Assets		
Equipment rental trade receivables from Red Chris Joint Venture	\$74	\$51
Liabilities		
Debentures	\$36,995	\$139,380
Advanced Development Loan	\$119,709	\$77,463
Interest accrued	\$16,687	\$11,643

Statements of Income and Comprehensive Income

	Year Ended December 31	
	2025 (000's)	2024 (000's)
Equipment rental revenue from Red Chris Joint Venture	\$237	\$528
Credit facility arrangement guarantee and standby fee	\$1,875	\$1,875
Interest expense	\$20,562	\$14,779
Interest expense capitalized	\$(8,820)	\$(6,675)

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 \$2,819 for the year ended December 31, 2025 (December 31, 2024-\$2,511). The remuneration includes salaries, estimated bonuses payable within the year of the Statement of Financial Position date and other annual employee benefits.

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 Accounting Standards. 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 Accounting Standards, 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 December 31, 2025. 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 December 31, 2025, 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 62% of the Company's net assets, 61% of total assets and 44% of revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2025. 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 income totalled \$60.4 million for the year ended December 31, 2025.

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.

OUTLOOK

Corporate and Operations

The 2026 production target for Mount Polley is 19.0 – 21.0 million pounds copper and 40,000 – 44,000 ounces of gold.

Newmont guidance for Red Chris mine production (100%) is 60.0 – 66.0 million pounds copper and 47,500 – 52,500 ounces of gold for the calendar year 2026.

The Company may need to conclude further financing arrangements to fund its share of cost of the ongoing development of a block cave mine at Red Chris.

Exploration

Imperial maintains a large portfolio of greenfield exploration properties in British Columbia. These properties have defined areas of mineralization and exploration potential. Management continues to evaluate various opportunities to advance many of these properties.

A diamond drilling program is scheduled in 2026 for Mount Polley to follow up on the successful drilling completed in 2025.

Diamond drilling will be completed in 2026 at the Huckleberry mine to expand and infill the Main zone.

Acquisitions

Management continues to evaluate potential acquisitions.

ADDITIONAL INFORMATION

Additional information about Imperial, including the Company's Financial Statements and Annual Information Form, are available on Imperial's profile at [sedarplus.ca](https://www.sedarplus.ca).



Imperial Metals Corporation

900-580 Hornby Street
Vancouver, BC V6C 3B6

imperialmetals.com

604.669.8959 | inquiries@imperialmetals.com