

Imperial Reports Third Quarter 2021 Financial Results

Vancouver | **November 9, 2021** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for the three and nine months ended September 30, 2021, as summarized in this release and discussed in detail in the Management’s Discussion & Analysis. The Company’s financial results are prepared in accordance with International Financial Reporting Standards (“IFRS”). The reporting currency of the Company is the Canadian (“CDN”) Dollar.

QUARTER HIGHLIGHTS

FINANCIAL

Total revenue decreased to \$37.1 million in the September 2021 quarter compared to \$38.2 million in the 2020 comparative quarter, a decrease of \$1.1 million.

In the September 2021 quarter, the Red Chris mine (100% basis) had 4.0 concentrate shipments (2020-4.3 concentrate shipments). 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.

The London Metals Exchange cash settlement copper price per pound averaged US\$4.25 in the September 2021 quarter compared to US\$2.96 in the 2020 comparative quarter. London Bullion Market Association, London gold price per troy ounce averaged US\$1,789 in the September 2021 quarter compared to US\$1,911 in the 2020 comparative quarter. The average US/CDN Dollar exchange rate was 1.260 in the September 2021 quarter, 5.4% lower than the exchange rate of 1.332 in the 2020 comparative quarter. In CDN Dollar terms the average copper price in the September 2021 quarter was CDN\$5.36 per pound compared to CDN\$3.94 per pound in the 2020 comparative quarter, and the average gold price in the September 2021 quarter was CDN\$2,254 per ounce compared to CDN\$2,545 per ounce in the 2020 comparative quarter.

Revenue in the September 2021 quarter decreased by \$0.8 million due to a negative revenue revaluation as compared to a \$3.3 million positive revenue revaluation in the 2020 comparative quarter. Revenue revaluations are the result of the metal price on the settlement date and/or the current period balance sheet date being higher or lower than when the revenue was initially recorded or the metal price at the last balance sheet date and finalization of contained metal as a result of final assays.

Net loss for the September 2021 quarter was \$3.8 million (\$0.03 per share) compared to net income of \$7.1 million (\$0.05 per share) in the 2020 comparative quarter. The decrease in net income of \$10.9 million was primarily due to the following factors:

- Income from mine operations went from \$12.8 million in September 2020 to \$4.9 million in September 2021, decreasing net income by \$7.9 million.
- General and Administration expense went from \$0.8 million in September 2020 to \$1.3 million in September 2021, decreasing net income by \$0.5 million.
- Foreign exchange gain/loss went from a loss of \$1.1 million in September 2020 to a gain of \$0.3 million in September 2021, increasing net income by \$1.4 million.

Cash flow was \$7.8 million in the September 2021 quarter compared to \$17.4 million in the 2020 comparative quarter. Cash flow is a measure used by the Company to evaluate its performance however, it is not a term recognized under IFRS. The Company believes cash flow is useful to investors and it is one of the measures used by management to assess the financial performance of the Company.

Capital expenditures including finance leases were \$33.8 million in the September 2021 quarter, an increase from \$25.4 million in the 2020 comparative quarter. The September 2021 expenditures included \$12.8 million in exploration, \$9.9 million for tailings dam construction and \$11.1 million on stripping costs and other capital.

At September 30, 2021, the Company had not hedged any copper, gold or US/CDN Dollar exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US/CDN Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

OPERATIONS

The current impact of the COVID-19 pandemic on our business is described under Significant Events and Liquidity. The Company's plans for 2021 and beyond could be adversely impacted by the effects of the COVID-19 pandemic. The continuing impact of COVID-19 to travel and other operating restrictions established to curb the spread of COVID-19, could materially and adversely impact the Company's current plans by causing a temporary closure of the Red Chris mine, suspending planned exploration work, causing an economic slowdown resulting in a decrease in the demand for copper and gold, negatively impacting copper and gold prices, impacting the Company's ability to transport or market the Company's concentrate or causing disruptions in the Company's supply chains.

Red Chris Mine

Metal production for the third quarter of 2021 was 17.2 million pounds copper and 15,249 ounces gold, compared to 22.2 million pounds copper and 18,052 ounces gold produced in the 2020 third quarter.

Imperial's 30% portion of Red Chris mine third quarter production was 5.2 million pounds copper and 4,575 ounces gold.

	Three Months Ended September 30*		Nine Months Ended September 30*	
	2021	2020	2021	2020
Ore milled - tonnes	2,543,495	2,777,245	7,199,572	7,196,524
Ore milled per calendar day - tonnes	27,647	30,187	26,372	26,265
Grade % - copper	0.389	0.460	0.407	0.553
Grade g/t - gold	0.336	0.398	0.365	0.462
Recovery % - copper	79.0	78.8	78.5	81.0
Recovery % - gold	55.6	50.8	55.1	53.9
Copper – 000's pounds	17,244	22,203	50,704	71,112
Gold – ounces	15,249	18,052	46,550	57,536

* 100% Red Chris mine production

Metal production for both the three and nine months ended September 30, 2021, decreased compared to the same periods in 2020. The decrease in metal production is largely due to lower metal grades, with copper grade 15.4 % lower and gold grade 15.6% lower compared to September 2020 quarter.

The copper and gold production levels (100% basis) in the September 2021 quarter were close to those in the June 2021 quarter, 17.2 million pounds of copper and 15,249 ounces of gold were produced in the September 2021 quarter compared to production of 17.6 million pounds of copper and 15,451 ounces of gold in the June 2021 quarter, with slightly lower gold and copper grades, being offset by higher through-put in the September 2021 quarter.

The results of the recently released Red Chris Block Cave Pre-Feasibility Study (PFS), have confirmed Imperial's long held belief that Red Chris had the potential to become a long-life, low-cost block cave copper gold mine. The exploration decline for the proposed block cave development had progressed to 393 metres by October 20, 2021.

There are significant opportunities to enhance the results of the PFS including the 'early mining' of the highest-grade pods in the East Zone and the emerging opportunity associated with the discovery of new distinct higher-grade zones of mineralization such as East Ridge.

Drilling at the newly discovered East Ridge continues to expand the extent of mineralization in this zone and has demonstrated continuity of the copper gold mineralization over dimensions of about 400 metres high, 400 metres long and 125 metres wide. Contained within this zone of mineralization is a higher-grade portion with dimensions of approximately 300 metres high, 300 metres long and 100 metres wide. East Ridge remains open to the east and at depth. During the third quarter, there were up to eight diamond drill rigs in operation. A further 29,388 metres of drilling was completed in 24 drill holes, with all drill holes intersecting mineralization (except twelve drill holes which were dedicated geotechnical holes).

Jim Miller-Tait, P.Geo., Imperial Metals Vice President Exploration, is the designated Qualified Person as defined by National Instrument 43-101 for the Red Chris exploration program and has reviewed this information.

Imperial's 30% share of exploration, development, and capital expenditures were \$28.2 million in the September 2021 quarter compared to \$26.3 million in the 2020 comparative quarter.

Mount Polley Mine

Mount Polley operations ceased in May 2019 and the mine remains on care and maintenance status. The mine restart plan prepared in 2019, is being updated to include revised pit designs, results of recent drilling and current metal prices. The Company is actively seeking to secure financing to fund the restart of the mine. The COVID-19 pandemic continues to impact the mine restart timeline.

Site personnel continue to maintain access, fire watch, manage collection, treatment and discharge of site contact water and actively monitor the tailings storage facility. In addition, work to facilitate the restart of operations at Mount Polley continued during the quarter. This work included:

- a small crew of mechanics continuing to prepare the mining fleet;
- testing blasthole drills by starting a blasthole pattern on the 1120 metres bench in the Springer Pit Phase 4 pit; and
- hiring mechanical and electrical contractors to inspect and repair as required, equipment in the crusher and concentrator.

For the September 2021 quarter, Mount Polley incurred idle mine costs comprised of \$5.8 million in operating costs and \$0.6 million in depreciation expense.

Exploration, development, and capital expenditures in the September 2021 quarter were \$1.3 million compared to \$0.2 million in the 2020 comparative quarter.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status. The Company anticipates the restart of Huckleberry will follow the start of operations at Mount Polley.

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

A geotechnical drilling program was conducted during the quarter to gather the information required to update the tailings facility designs for future operations and to provide information required for dam safety reviews.

For the September 2021 quarter, Huckleberry incurred idle mine costs comprised of \$1.2 million in operating costs and \$0.2 million in depreciation expense.

Exploration, development, and capital expenditures in the September 2021 quarter were \$1.8 million compared to \$0.5 million in the 2020 comparative quarter.

EARNINGS AND CASH FLOW

Select Quarter Financial Information

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

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Operations:				
Total revenues	\$37,064	\$38,161	\$104,329	\$111,182
Net income (loss)	\$(3,772)	\$7,063	\$(11,389)	\$24
Net income (loss) per share	\$(0.03)	\$0.05	\$(0.09)	\$0.00
Diluted income (loss) per share	\$(0.03)	\$0.05	\$(0.09)	\$0.00
Adjusted net income (loss) ⁽¹⁾	\$(3,489)	\$7,015	\$(11,165)	\$132
Adjusted net income (loss) per share ⁽¹⁾	\$(0.02)	\$0.05	\$(0.08)	\$0.00
Adjusted EBITDA ⁽¹⁾	\$8,136	\$17,243	\$19,050	\$36,001
Cash flow ⁽¹⁾⁽²⁾	\$7,780	\$17,412	\$18,408	\$35,937
Cash flow per share ⁽¹⁾⁽²⁾	\$0.06	\$0.14	\$0.14	\$0.28
Working Capital	\$21,950	\$27,082	\$21,950	\$27,082
Total assets	\$1,122,484	\$1,092,134	\$1,122,484	\$1,092,134
Total debt (including current portion) ⁽³⁾	\$4,850	\$2,847	\$4,850	\$2,847

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

⁽²⁾ Cash flow 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 flow per share is defined as cash flow divided by the weighted average number of common shares outstanding during the year.

⁽³⁾ Total debt consists mainly of equipment leases.

Select Items Affecting Net Income (Loss) (presented on an after-tax basis)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
expressed in thousands of dollars				
Net income (loss) before undernoted items	\$(3,348)	\$7,253	\$(10,492)	\$935
Interest expense	(141)	(238)	(673)	(803)
Foreign exchange gain (loss) on debt	(283)	48	(224)	(108)
Net Income (Loss)	\$(3,772)	\$7,063	\$(11,389)	\$24

NON-IFRS FINANCIAL MEASURES

The Company reports four non-IFRS financial measures: adjusted net income, adjusted EBITDA, cash flow 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, and cash flow are not generally accepted earnings measures and should not be considered as an alternative to net income (loss) and cash flows as determined in accordance with IFRS. As there is no standardized method of calculating these measures, these measures may not be directly comparable to similarly titled measures used by other companies.

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

Adjusted net loss in the September 2021 quarter was \$3.5 million (\$0.02 per share) compared to an adjusted net income of \$7.0 million (\$0.05 per share) in the 2020 comparative quarter. Adjusted net income (loss) shows the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net income (loss) is calculated by removing the gains or loss, resulting from acquisition and disposal of property, mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax.

Adjusted EBITDA

Adjusted EBITDA in the September 2021 quarter was \$8.1 million compared to \$17.2 million in the 2020 comparative quarter. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items.

Cash Flow and Cash Flow Per Share

Cash flow in the September 2021 quarter was \$7.8 million compared to \$17.4 million in the 2020 comparative quarter. Cash flow per share was \$0.06 in the September 2021 quarter compared to \$0.14 in the 2020 comparative quarter.

Cash flow and cash flow per share are measures used by the Company to evaluate its performance however they are not terms recognized under IFRS. Cash flow 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 flow per share is the same measure divided by the weighted average number of common shares outstanding during the year.

Cash Cost Per Pound of Copper Produced

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

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.

Idle mine costs during the periods when the Huckleberry and Mount Polley mines were not in operation have been excluded from the cash cost per pound of copper produced.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Cash cost of copper produced in US\$	\$10,007	\$9,471	\$35,332	\$27,417
Copper produced – pounds	5,173	6,661	15,210	21,333
Cash cost per lb copper produced in US\$	\$1.93	\$1.42	\$2.32	\$1.29

For detailed information, refer to Imperial's 2021 Third Quarter Report available on imperialmetals.com and sedar.com

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company. The Company, through its subsidiaries, owns a 30% interest in the Red Chris mine, and a 100% interest in both the Mount Polley and Huckleberry copper mines in British Columbia. Imperial also holds 100% interest in the Ruddock Creek lead/zinc property.

Company Contacts

Brian Kynoch | President | 604.669.8959

Darb Dhillon | Chief Financial Officer | 604.669.8959

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release are not statements of historical fact and are “forward-looking” statements. Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements regarding the Company’s expectations with respect to the impact of COVID-19 on the Company’s business and operations; metal pricing and its impact on revaluations of revenue; the fluctuation of quarterly revenues; expectations regarding the potential cost and length of life mine of Red Chris; the progression of the exploration decline for the proposed block cave development; expectations and timing regarding current and future exploration and drilling programs; the potential significant opportunities to enhance the results of the PFS including the early mining of highest-grade pods in the East Zone and the discovery of new distinct higher grade zones of mineralization; the potential to define further zones of higher-grade mineralization in the East Ridge; the focus of site personnel on care, maintenance and rehabilitation activities at Mount Polley and Huckleberry; updates to the mine restart plans prepared for Mount Polley; expectations regarding Mount Polley and Huckleberry restart timelines; the Company’s ability to secure financing to fund the restart of Mount Polley; and the usefulness and comparability of certain non-IFRS financial measures.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "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", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company’s current beliefs and assumptions. These factors and assumptions and beliefs and assumptions include, the risk factors detailed from time to time in the Company’s interim and annual financial statements and management’s discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company’s ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this news release are qualified by these cautionary statements.