

Imperial Reports 2022 Financial Results

Vancouver | **March 14, 2023** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for its fiscal year ended December 31, 2022.

Select Annual Financial Information

expressed in thousands, except share and per share amounts

	Years Ended December 31		
	2022	2021	2020
Operations:			
Total revenues	\$172,797	\$133,591	\$148,097
Net loss	\$(75,975)	\$(26,070)	\$(4,892)
Net loss per share	\$(0.51)	\$(0.19)	\$(0.04)
Diluted loss per share	\$(0.51)	\$(0.19)	\$(0.04)
Adjusted net loss ⁽¹⁾	\$(95,598)	\$(23,181)	\$(5,421)
Adjusted net loss per share ⁽¹⁾	\$(0.64)	\$(0.17)	\$(0.04)
Adjusted EBITDA ⁽¹⁾	\$(63,131)	\$11,553	\$36,034
Cash earnings ⁽¹⁾⁽²⁾	\$(52,873)	\$11,034	\$36,909
Cash earnings per share ⁽¹⁾⁽²⁾	\$(0.36)	\$0.08	\$0.29
Working capital (deficiency)	\$(65,091)	\$(19,060)	\$9,292
Total assets	\$1,299,702	\$1,186,341	\$1,091,321
Total debt (including current portion) ⁽³⁾	\$197,788	\$34,975	\$2,422

⁽¹⁾ Refer to table in section *Non-IFRS Financial Measures* of the December 31, 2022 Management’s Discussion & Analysis 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 banker’s acceptances, debentures, and equipment leases.

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

expressed in thousands

	Years Ended December 31		
	2022	2021	2020
Net loss before undernoted items	\$(67,063)	\$(24,337)	\$(3,559)
Interest expense	(8,921)	(1,497)	(1,358)
Foreign exchange gain (loss) on debt	9	(236)	25
Net Loss	\$(75,975)	\$(26,070)	\$(4,892)

Total revenue increased to \$172.8 million in 2022 compared to \$133.6 million in 2021, an increase of \$39.2 million or 29%.

Revenue from the Red Chris mine in 2022 was \$129.5 million compared to \$132.6 million in 2021, a decrease of \$3.1 million. In 2022, the Red Chris mine (100% basis) had 14.6 concentrate shipments (2021-14.5 concentrate shipments).

Revenue from the Mount Polley mine in 2022 was \$42.7 million compared to \$nil million in 2021, an increase of \$42.7 million. In 2022, the Mount Polley mine had 1.0 concentrate shipments (2021-nil 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\$4.00 in 2022 compared to US\$4.23 in 2021. London Bullion Market Association, London gold price per troy ounce averaged US\$1,801 in 2022 compared to US\$1,800 in 2021. The average US/CDN dollar exchange rate in 2022 was 1.302 compared to an average of 1.254 in 2021. In CDN dollar terms, the average copper price in 2022 was CDN\$5.21 per pound compared to CDN\$5.30 per pound in 2021, and the average gold price in 2022 was CDN\$2,345 per ounce compared to CDN\$2,256 per ounce in 2021.

Revenue in 2022 decreased by a \$6.7 million negative revenue revaluation compared to a positive revenue revaluation of \$1.6 million in 2021. 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 in 2022 was \$75.9 million (\$0.51 per share) compared to net loss of \$26.1 million (\$0.19 per share) in 2021. The majority of the increase in net loss of \$49.8 million was primarily due to the following factors:

- Income from mine operations went from \$10.4 million in 2021 to loss of \$28.7 million in 2022, an increase in net loss of \$39.1 million.
- Mine restart costs went from \$11.4 in 2021 to \$64.9 million in 2022, an increase in net loss of \$53.5 million, which was offset by the decrease of \$18.4 million in idle mine cost from \$24.9 million in 2021 to \$6.5 million in 2022.
- Net gain on disposal of mineral properties, including the reversal of impairment on exploration costs of \$3.6 million in 2021 increased by \$13.3 million to \$16.9 million in 2022.
- Interest expense of \$1.5 million in 2021 increased to \$8.9 million in 2022, an increase of \$7.4 million, as a result of additional financing required to support working capital and capital expenditures in 2022.

Capital expenditures including finance leases were \$150.0 million in 2022, up from \$108.6 million in 2021. Expenditures in 2022 included \$41.4 million in exploration, an increase of \$6.3 million in comparison to 2021 of \$35.1 million; \$36.7 million for tailings dam construction, an increase of \$14.0 million in comparison to 2021 of \$22.7 million; \$23.8 million on stripping costs, an increase of \$8.0 million in comparison to 2021 of \$15.8 million and investment in other plant and equipment of \$48.1 million, an increase of \$13.1 million in comparison to 2021 of \$35.0 million.

At December 31, 2022, the Company had \$27.5 million in cash compared to \$33.3 million at December 31, 2021.

NON-IFRS FINANCIAL MEASURES

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

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

Adjusted Net Loss and Adjusted Net Loss Per Share

Adjusted net loss is derived from operating net loss by removing the gains or loss, resulting from acquisition and disposal of property, mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax and other non-recurring items. Adjusted net loss in 2022 was \$95.6 million (\$0.64 per share) compared to an adjusted net loss of \$23.2 million (\$0.17 per share) in 2021. We believe that the presentation of Adjusted Net Loss helps investors better understand the results of our normal operating activities and the ongoing cash generating potential of our business.

Adjusted EBITDA

Adjusted EBITDA in 2022 was \$(63.1) million compared to \$11.6 million in 2021. We define Adjusted EBITDA as net loss before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items.

Cash Earnings and Cash Earnings Per Share

Cash earnings in 2022 was \$(52.9) million compared to \$11.0 million in 2021. Cash earnings per share were \$(0.36) in 2022 compared to \$0.08 in 2021. Cash earnings and cash earnings per share are measures used by the Company to evaluate its performance; however, they are not terms recognized under IFRS. We believe that the presentation of cash earnings and cash earnings per share is appropriate to provide additional information to investors about how well the Company can earn cash to pay its debts and manage its operating expenses and investment. Cash earnings is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes paid, and interest paid. Cash earnings per share is the same measure divided by the weighted average number of common shares outstanding during the year.

Cash Cost Per Pound of Copper Produced

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

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 and mine restart 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

	Years Ended December 31, 2022		
	Red Chris	Mount Polley ⁽¹⁾	Composite
Cash cost of copper produced in US\$	\$52,128	\$33,891	\$86,019
Copper produced – pounds	20,281	6,206	26,487
Cash cost per lb copper produced in US\$	\$2.57	\$5.46	\$3.25

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

	Years Ended December 31, 2021		
	Red Chris	Mount Polley ⁽¹⁾	Composite
Cash cost of copper produced in US\$	\$48,107	\$ -	\$48,107
Copper produced – pounds	19,717	-	19,717
Cash cost per lb copper produced in US\$	\$2.44	\$ -	\$2.44

⁽¹⁾ Mount Polley mine operations were suspended in May 2019, and the mine remained on care and maintenance until the economics of mining improved. The mine restarted operations in late June 2022.

DEVELOPMENTS DURING 2022

Red Chris Mine

Red Chris metal production (100% basis) for 2022 was 67.6 million pounds copper and 63,658 ounces gold, an increase of 3% and 6% respectively from the 65.4 million pounds copper and 60,160 ounces gold produced in 2021. The increase in 2022 metal production was a result of higher copper and gold grades, and slightly higher tonnes milled, partially offset by lower recoveries.

Imperial's 30% portion of Red Chris mine for 2022 was 20.3 million pounds copper and 19,097 ounces gold. Newcrest has maintained its guidance for Red Chris mine production (100%) for the period July 2022 to June 2023 at approximately 60 million pounds of copper and approximately 40,000 ounces of gold.

Red Chris production (100%) for the 2022 fourth quarter was 13.1 million pounds copper and 14,518 ounces gold compared to 14.7 million pounds copper and 13,610 ounces gold in the 2021 fourth quarter. Lower mining rates and unscheduled maintenance on an overland conveyor belt resulted in reduced mill throughput in the fourth quarter.

	Three Months Ended		Year Ended	
	2022	2021	2022	2021
Ore milled - tonnes	2,390,084	2,124,732	9,457,303	9,324,304
Ore milled per calendar day - tonnes	25,979	23,095	25,910	25,546
Grade % - copper	0.339	0.387	0.421	0.403
Grade g/t - gold	0.386	0.334	0.382	0.358
Recovery % - copper	73.4	81.2	77.0	79.1
Recovery % - gold	49.0	59.6	54.8	56.0
Copper - 000's pounds	13,107	14,723	67,604	65,426
Gold - ounces	14,518	13,610	63,658	60,160

* 100% Red Chris mine production

Imperial's 30% share of exploration, development, and capital expenditures was \$118.2 million in 2022 compared to \$99.5 million in the 2021 comparative year.

Drilling continues at East Ridge with two underground and two surface drill rigs operating. A further 25 diamond drill holes at minimum are planned to test and close out the target mineralization. This program is expected to be completed by the second quarter of 2023. East Ridge is outside of Newcrest's initial Mineral Resource estimate, however, work will be undertaken to deliver an updated Red Chris Mineral Resource estimate including the East Ridge in 2023.

Block Cave development continues with the exploration decline at 2,731 metres as of February 8, 2023, and the first ventilation raise bore was completed in February 2023.

The Block Cave Feasibility Study is now expected to be completed in the second half of 2023 to allow optimization opportunities to be evaluated and further defined, with no impact to the project development timeline expected. Inflation and global supply chain interruptions continue to be assessed as part of the Feasibility Study and value engineering is underway with the objective to offset inflationary cost pressures.

Mount Polley Mine

During the fourth quarter 1,084,016 tonnes ore were treated, producing 3.8 million pounds copper and 6,995 ounces gold. Operations in the 2022 fourth quarter were negatively impacted by a period of very cold weather in December 2022.

	Three Months Ended December 31 2022	Year Ended December 31 2022
Ore milled - <i>tonnes</i>	1,084,016	2,068,830
Ore milled per calendar day - <i>tonnes</i>	11,783	11,244
Grade % - copper	0.230	0.214
Grade g/t - gold	0.325	0.306
Recovery % - copper	68.9	63.5
Recovery % - gold	61.8	59.4
Copper - <i>000's pounds</i>	3,786	6,206
Gold - <i>ounces</i>	6,995	12,078

Exploration, development, and capital expenditures in 2022 were \$28.5 million compared to \$4.0 million in the 2021 comparative year.

During January 2023, 510,935 tonnes were processed. Metal production was 2.3 million pounds of copper and 3,326 ounces of gold. Copper recovery averaged 81% and gold recovery was 68% from grades averaging 0.257% copper and 0.294 g/t gold.

The 2023 production target for Mount Polley is 30-33 million pounds copper and 35-40 thousand ounces gold.

Huckleberry Mine

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

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

In 2022 Huckleberry incurred idle mine costs comprised of \$5.6 million in operating costs and \$0.8 million in depreciation expense, which is a slight increase from \$5.2 million in operating costs and \$0.7 million in depreciation in comparison to 2021.

Exploration, development, and capital expenditures in 2022 were \$2.8 million compared to \$2.1 million in 2021.

Greenfield Projects

In 2022, exploration was conducted on 10 properties:

Sustut: In the fall of 2021, the Company acquired the Freeport McMoRan claims adjacent to the Sustut deposit and contracted Geotech Ltd. to fly an airborne ZTEM geophysical survey over the entire claim block. The survey was only partially completed due to inclement weather. In 2022 the Geotech ZTEM geophysical survey was completed over an area of 83 km².

Porcher Island Gold: In 2022, a soil and rock geochemical survey was carried out over features highlighted from the 2021 LiDAR and Orthographic Survey. The objective for the soil and rock geochemical survey was to be a first pass of field exploration and test highlighted features and inferred faults for gold mineralization. The soil and rock geochemical survey was successful at producing anomalous values over some of the highlighted features.

Huckleberry Mine (including Whiting Creek): In 2022, a property wide geophysical review using decades of data was completed and produced numerous exploration targets across the property. Also carried out in 2022 was a regional geological mapping and geochemical sampling program completed over Huckleberry, Whiting Creek and select targets. A LiDAR and Orthographic survey were also completed over 139 km² and covered the western half of the Huckleberry property.

Catface Copper: A soil geochemistry survey was carried out in 2022 over an area with known anomalous chargeability and small zones of mapped favorable host intrusive at surface. The survey was a continuation of a survey from 2021 and expanded the survey area to the south towards an area named Hecate Bay.

Bear: In 2022, Geotech Ltd. was contracted to conduct an airborne geophysical survey over 64 km² of the Bear property and collect ZTEM and magnetic data. The survey was designed to maximize survey coverage of areas with the highest mineral potential. The goals of the survey were to identify a geophysical footprint of the known mineralization at the Bear property at surface and depth, collect a consistent property wide geophysical data set, and identify areas at surface and at depth with promising Cu-Mo mineralizing potential.

Bronson: In 2022, an airborne geophysical Versatile Time Domain Electromagnetic (VTEM) survey undertaken by Geotech Ltd. In addition to the VTEM survey Eagle Mapping Ltd. was contracted to complete a LiDAR and Orthographic survey over an area of 12 km².

Pelican: In 2022, a rock sampling and prospecting program was undertaken with a focus to check the continuity of anomalous gold (7.26g/t) sample taken in 2019 by Imperial Metals and to inspect interesting surface features detected by the Light Detection and Ranging (LiDAR) survey carried out by Eagle Mapping Ltd. over an area of 5 km².

LJ: In 2022, a rock sampling/prospecting program was undertaken, and a LiDAR survey was carried out on the LJ property covering 41 km². The focus of the program was to investigate areas to the south and west of the main massive sulphide horizon in search of an extension of mineralization and to inspect interesting surface features which were also detected by the LiDAR survey.

Wasi Creek: In 2022, access to old core was gained after clearing and brushing out an old exploration road. Then a relog of old core was carried out with a focus of forming strong structural relationships that can be related to the property and regional geology. Additionally, a ground MAG survey consisting of 3 lines of 1.5 km was performed at the property.

Mount Polley Mine (including all surrounding claims): In 2022, a ground magnetic survey was carried out over an area of 0.7 km² northwest of the mine that was highlighted from a 2019-2020 Geophysics 3DIP survey.

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

FOURTH QUARTER RESULTS FROM OPERATIONS

Revenue in the fourth quarter of 2022 was \$61.6 million compared to \$29.3 million in 2021. 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 Company recorded a net loss of \$11.8 million (\$0.08 per share) in the fourth quarter of 2022 compared to net loss of \$14.7 million (\$0.10 per share) in the prior year quarter.

Expenditures for exploration and ongoing capital projects at Mount Polley, Red Chris and Huckleberry totaled \$37.5 million during the three months ended December 31, 2022, compared to \$34.2 million in the 2021 comparative quarter.

OUTLOOK

Corporate and Operations

At December 31, 2022, the Company had not hedged any copper, gold, or US\$/CDN\$ exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US\$/CDN\$ exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

Newcrest provided metals production guidance (100%) for Red Chris mine, for the period July 1, 2022, to June 30, 2023 (period conforms to Newcrest June 30 annual year end), at approximately 60 million pounds copper and approximately 40,000 ounces gold.

The Company will 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.

Exploration for 2023 will be focused on Red Chris, with 50,000 metres of drilling planned and continuing development of the exploration decline to provide access for underground exploration planned at Red Chris.

Diamond drilling began in February at Mount Polley on targets located between the Cariboo and Springer pits. Currently five holes are planned, drilling to an approximate depth of 500m. In conjunction with the diamond drilling, a trenching program was completed 2.4 km southeast of the mill, on copper mineralization that was uncovered during a geotechnical investigation.

At Huckleberry, in 2022 ground truthing was conducted on the high priority targets generated by the property wide airborne ZTEM and Aeromagnetic survey that was completed in 2021. Diamond drilling priority targets is planned for the 2023 field season.

Acquisitions

Management continues to evaluate potential acquisitions.

For additional information, refer to Imperial's 2022 Management Discussion and Analysis Report available on imperialmetals.com and sedar.com.

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company with holdings that include the Mount Polley mine (100%), the Huckleberry mine (100%) and the Red Chris mine (30%). Imperial also holds a portfolio of 23 greenfield exploration properties in British Columbia.

Company Contacts

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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 its business and operations; metal pricing and its impact on revaluations of revenue; fluctuations of quarterly revenues; future foreign exchange currency rates; potential development plans and mining methods at Red Chris; timing of release of an initial mineral resource estimate; expectations and timing regarding the Block Cave Feasibility Study and project development; progression of the exploration decline at Red Chris; expectations regarding financing arrangements to fund the Company’s share of cost of ongoing development at Red Chris and the restart of Mount Polley; metal production guidance and estimates; metal grades; expectations and timing regarding current and future exploration and drilling programs; expectations regarding data interpretation and location of new drill targets at Huckleberry; and the usefulness and comparability of non-IFRS financial measures including adjusted net loss, adjusted EBITDA, cash earnings, cash earnings per share and cash cost per pound of copper produced.

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.