2013 THIRD QUARTER REPORT

TO OUR SHAREHOLDERS:

Effective January 1, 2013 the Company adopted IFRS11 *Joint Arrangements* which establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. The Company has reviewed its joint arrangements and concluded that its investment in the Huckleberry Mines Ltd. joint venture should be accounted for on the equity basis. The Ruddock Creek Joint Venture and the Porcher Island Joint Venture continue to be accounted for as joint operations whereby the assets, liabilities, revenues and expenses of these entities will be proportionately consolidated. As a result of the change in the requirements for the application of the equity method, when accounting for investments in associates and joint ventures from proportionate consolidation for Huckleberry, the comparative consolidated financial statements have been restated. Refer to Note 2 of the condensed consolidated interim financial statements for the three and nine months ending September 30, 2013 for details on the specific judgements and assumptions applied in determining the type of joint arrangement for each entity and Note 28 for details of the changes to the comparative financial statements.

Imperial's comparative financial results for the three and nine months ended September 30, 2013 and 2012 are summarized below and discussed in detail in the Management's Discussion and Analysis. The Company's financial results are prepared in accordance with International Financial Reporting Standards ("IFRS").

In thousands of CDN$ except per share amounts	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Revenues	$51,668	$29,682	$143,851	$140,826
Income from mine operations	$25,194	$11,144	$52,012	$38,213
Equity income (loss) in Huckleberry	$(345)	$564	$3,868	$3,813
Net Income	$14,721	$4,343	$32,883	$20,908
Net Income Per Share	$0.20	$0.06	$0.44	$0.28
Adjusted Net Income [1]	$16,641	$7,432	$32,826	$26,172
Adjusted Net Income Per Share [1]	$0.22	$0.10	$0.44	$0.35
Cash Flow [1]	$28,639	$11,508	$61,126	$45,228
Cash Flow Per Share [1]	$0.38	$0.15	$0.82	$0.61

[1] Adjusted Net Income, Adjusted Net Income Per Share, 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 in Canada. Adjusted Net Income is defined as net income adjusted for certain items of a non-operational nature that pertain to future periods as described in further detail in the Management's Discussion and Analysis under the heading Adjusted Net Income. Cash Flow is defined as cash flow from operations and before net change in working capital balances, income and mining taxes paid, and interest paid. Adjusted Net Income and Cash Flow Per Share are the same measures divided by the weighted average number of common shares outstanding during the period. *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.*

The Sterling mine recommenced operations on July 2012 and reached commercial production in March 2013. In accordance with the Company's accounting policy, all revenue and related operating costs prior to commercial production are applied to the carrying value of the Sterling mineral property. In the nine months ended September 30, 2013 a total of 5,049 ounces gold were sold and the sale proceeds from the 2,743 ounces related to the period prior to commercial production was applied to the carrying value of the mineral property with the sales proceeds of the 2,267 ounces recorded in the Statement of Income and the balance of 39 ounces held in inventory.

Revenues were $51.7 million in the September 2013 quarter compared to $29.7 million in the 2012 quarter primarily due to increased sales volumes in the current quarter. There were two shipments in the 2013 quarter compared to one shipment in the 2012 quarter.

The Company recorded net income of $14.7 million in the September 2013 quarter compared to net income of $4.3 million in the 2012 quarter. Adjusted net income in the quarter was $16.6 million or $0.22 per share, versus $7.4 million or $0.10 per share in the September 2012 quarter. Adjusted net income is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from mark to market revaluation of copper and gold derivative instruments. Adjusted net income is not a measure recognized under IFRS in Canada. It is intended to show the current period financial results excluding the effect of items not settling in the current period.

The Company recorded $1.4 million unrealized losses on copper derivatives in the September 2013 quarter compared to a net realized and unrealized loss of $2.1 million in the comparative quarter. The Company had no realized losses or gains on copper or gold derivatives in the September 2013 quarter compared to realized gains of $0.1 million in the September 2012 quarter.

Cash flow increased to $28.6 million in the three months ended September 30, 2013 from $11.5 million in the comparative quarter. The increase of $17.5 million is primarily due to the increase of concentrate shipments over the comparative quarter.

Capital expenditures increased to $137.9 million from $46.3 million in the comparative 2012 quarter. Expenditures were financed from cash flow from the Mount Polley mine, current and non-current term debt in addition to $9.6 million of non-current debt for equipment financed in the current quarter. At September 30, 2013 the Company had $4.9 million in cash.

During the September 2013 quarter the Company did not purchase any common shares for cancellation.

MOUNT POLLEY MINE OPERATIONS

PRODUCTION	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2013	2012	2013	2012
Ore milled (tonnes)	2,105,459	2,049,547	6,083,103	6,136,202
Ore milled per calendar day (tonnes)	22,885	22,278	22,282	22,395
Grade % - copper	0.311	0.279	0.295	0.274
Grade g/t - gold	0.275	0.318	0.267	0.303
Recovery % - copper	76.33	68.17	73.93	65.70
Recovery % - gold	71.15	66.18	67.91	65.00
Copper (lbs)	11,021,476	8,593,838	29,264,291	24,390,575
Gold (oz)	13,231	13,869	35,475	38,917
Silver (oz)	33,253	30,592	95,119	85,620

Quarterly copper production was 11,021,476 pounds, up 28% from the comparable quarter in 2012. The increase in copper production is the result of the higher copper grade and better recovery, more than offsetting the slightly lower throughput. Gold production for the quarter was down 5% due to lower gold grade ore being treated.

The majority of mill feed for the quarter came from the Phase 3 Springer pit, however small amounts of Cariboo ore are now being delivered as the pushback of the Cariboo pit continues. Boundary zone underground work continues with 360 metres of ramping, cross-cutting and raising completed in the quarter.

HUCKLEBERRY MINE OPERATIONS

PRODUCTION	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
[stated 100% - Imperial's allocation= 50%]	2013	2012	2013	2012
Ore milled (tonnes)	1,417,199	1,493,700	4,436,555	4,410,800
Ore milled per calendar day (tonnes)	15,404	16,236	16,251	16,098
Grade (%) – copper	0.364	0.285	0.344	0.299
Recovery (%) – copper	92.2	89.8	91.6	89.8
Copper (lbs)	10,472,302	8,436,000	30,833,374	26,096,000
Gold (oz)	701	617	2,202	1,946
Silver (oz)	61,323	45,958	179,639	139,155

Throughput for the third quarter 2013 averaged 15,404 tonnes per calendar day down from the 16,236 tonnes achieved in the third quarter 2012 due to harder ore. Copper production was up over 24% on higher grades and recovery. During the quarter virtually all ore delivered to the mill came from the 946 to 934 benches within the MZX pit. Stripping of the tailings and waste from the old Main zone pit constituted the bulk of the waste mining.

The new tailings storage facility (TMF-3) construction on the starter and saddle dams, as well as the piping, pumping, cycloning and power infrastructure required to operate the TMF3 was completed in August and is now being operated.

HUCKLEBERRY EXPLORATION

A diamond drill program of approximately 3,462 metres over 11 holes was drilled to expand several targets within the mine site area outlined by 2011 and 2012 drilling. Core logging, assaying and QA/QC are ongoing. In addition, 7 holes totalling 1,750 metres are planned for completion in the fourth quarter. Huckleberry also completed a soil sampling program within the nearby North Huckleberry claims to test for new geophysical or drill targets. Assaying and analysis is to be completed in the fourth quarter.

RED CHRIS CONSTRUCTION UPDATE

Red Chris mine development is proceeding with 94% of the engineering complete as of September 30, 2013. Start of commissioning is scheduled for May 2014.

The 287 kV Northwest Transmission Line (NTL) from Skeena substation to Bob Quinn is under construction by BC Hydro with a planned completion date of May 2014.

A subsidiary of Imperial is constructing the 93 kilometre extension (Iskut Extension) from Bob Quinn to Tatogga. The power line engineering design has reached 90% completion. Construction of access roads and right of way clearing for the Iskut Extension which began in July is 54% complete. A 100 person camp and laydown yards were established along the route to store and assemble lattice structure components. An experienced power line constructor has been retained to install foundations, structures, hardware and conductor.

The Red Chris site work continued through summer 2013. Work items in the third quarter 2013 included:

- placing of 2,852 cubic metres of concrete in the primary crusher, overland conveyor transfer towers and bents;
- construction of the MSE wall at the primary crusher to approximately 60% complete;
- installation of transformer concrete foundations at the main electrical substation;
- installation of 16,396 cubic metres of concrete (project to date) in the process building and reclaim tunnel;
- erection of structural steel, cladding and roofing in the process building and multi-plate in the reclaim tunnel;
- setting the rougher tank cells, cleaner column cells, filter wash tank, filtrate tank, stock tank and thickener in the flotation bay;
- mechanical installation of the overland conveyor, pebble crusher, vertimill base, apron feeders, chutes and pump assemblies;
- placing and compaction of 1.3 million cubic metres of materials in the tailings storage facility; and
- construction of the tailings and reclaim lines.

The first concrete pour in 2013 was on March 24. Concrete pours are planned to early December 2013. The primary crusher, MSE wall, overland conveyor and coarse ore reclaim tunnel are to be installed this year. Construction has begun on the site electrical substation, reagent building and booster pump house. On November 5, the roof and virtually all the cladding for the process plant were in place, providing a covered area for trades to work inside through the winter.

The North Starter Dam earthworks are ongoing in the tailings impoundment area (TIA) utilizing a combination of equipment owned by Red Chris, with support from the Tahltan Nation Development Corporation and other contractors. A portion of the mining fleet delivered during the third quarter, including four Caterpillar 793 trucks and a 994 loader, were used to construct the tailings storage facility.

The work at Red Chris to date has been funded by cash flow from operations, equipment financed by non-current debt, the Company's lines of credit with its bank and with a significant shareholder. The latter was increased to $200.0 million from $130.0 million subsequent to September 30, 2013 to provide further time in arranging long term financing for Red Chris.

RED CHRIS EXPLORATION

Exploration has been temporarily suspended while the Company completes the development of the Red Chris mine.

STERLING MINE OPERATIONS

Sterling stoping operations from the 3292, 3260 and 3220 levels produced 62,162 tons of ore. Development work of 125 feet produced 1,060 tons of ore and 620 tons of waste. Development included work on 3220 cross-cuts and a drift on the 3320 level to access to back end of the stope.

In the third quarter 2013 a total of 63,223 tons of ore, containing 5,362 ounces gold, were stacked onto the leach pad at an average grade of 0.085 ounces per ton.

PRODUCTION	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2013	2012	2013	2012
Ore Stacked – tons	63,223	14,577	140,023	64,505
Gold Grade – oz/ton	0.085	0.083	0.081	0.083
Gold ounces – added to heap	5,362	1,245	11,326	5,354
Gold ounces – in-process & poured	3,810	1,982	6,784	2,799
Gold shipped – ounces	2,877	1,260	5,851	2,077

RUDDOCK CREEK

The Ruddock Creek Joint Venture is owned by Imperial (50%), Mitsui Mining and Smelting Co. Ltd. (30%) and Itochu Corporation (20%). The Ruddock Creek zinc/lead property is located 155 kilometres northeast of Kamloops in the Scrip Range of the Monashee Mountains in southeast British Columbia.

During the quarter the Joint Venture completed the 2013 field program which included site infrastructure studies, metallurgical testing including dense media separation, spiral, flotation, mineralogical, acid base accounting, and humidity cell testing. The work included collecting and testing mineralized material from each of the Lower E, Creek and V zones, and collecting and testing representative samples of each rock type identified on the property. The collection of baseline environmental and geotechnical information included trenching and geotechnical core drilling in order to provide data for future permitting and engineering studies. Surface exploration carried out during the quarter included detailed geological and structural mapping in a number of areas, as well as the collection of mineralized and non-mineralized rock samples for age-dating purposes. A higher capacity water control structure for the underground discharge was constructed. Ongoing consultations continued with area First Nations. The camp has now been closed for the forthcoming winter period.

OUTLOOK

Mount Polley, Sterling, and Imperial's share of production from Huckleberry to the end of the third quarter totalled 44.7 million pounds copper, 43,400 ounces gold and 184,900 ounces silver. These production levels put operations on target to meet the 2013 production guidance of 58.5 million pounds copper, 54,600 ounces gold and 195,000 ounces silver.

At Huckleberry, with the TMF-3 tailing impoundment now in service, the focus is on removing tailings and waste rock from the old Main zone pit so ore can be released from the expanded Main Zone Optimization pit in 2014.

At Mount Polley the majority of ore will continue to come from the Phase 3 Springer pit, supplemented with minor ore production from the pushback of the Cariboo pit and underground excavation in the Boundary zone.

With winter approaching at Red Chris, work on the North Starter Dam has been suspended. The target elevation (1,097 metres) for the North Starter Dam has been achieved, allowing sufficient water from the spring run-off to be stored for startup of operations in 2014.

Work on cladding and roofing of the main portions of the concentrator building has been completed, and installation of equipment inside the building has begun. Work inside the building will continue through the winter. Construction of the Iskut Extension of the Northwest Transmission Line is underway with 54% of the right of way clearing and access road construction completed, and assembly of the tower lattice structure has started. We continue to target the end of May 2014 for the start of commissioning at Red Chris.

Sterling will continue stope production from the three active levels. Development of the 3320 level, an additional ore zone identified by underground core drilling, will be initiated. Underground core drilling will continue to collect information on untested portions of the 144 zone, as well as looking for possible fault off-sets of the zone.

Brian Kynoch
President

Management's Discussion & Analysis

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation (the "Company") should be read with the unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2013 ("Interim Financial Statements"), as well as the audited Consolidated Financial Statements and MD&A for the year ended December 31, 2012.

The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards.

The reporting currency of the Company is the Canadian Dollar.

FORWARD-LOOKING STATEMENTS AND RISKS NOTICE

This MD&A is a review of the Company's operations and financial position as at and for the period ended September 30, 2013, and plans for the future based on facts and circumstances as of November 12, 2013. Except for statements of historical fact relating to the Company, including our 50% interest in Huckleberry, certain information contained herein constitutes forward-looking statements. When we discuss: mine plans; our costs and timing of current and proposed exploration; development; production and marketing; capital expenditures; the construction of transmission lines; cash flow; working capital requirements; and the requirement for additional capital; operations; revenue; margins and earnings; future prices of copper and gold; future foreign currency exchange rates; future accounting changes; future prices for marketable securities; future resolution of contingent liabilities; or other things that have not yet happened in this review we are making statements considered to be *forward-looking information* or *forward-looking statements* under Canadian and United States securities laws. We refer to them in this review as *forward-looking information.*

The forward-looking information in this review typically includes words and phrases about the future, such as: *plan, expect, forecast, intend, anticipate, estimate, budget, scheduled, believe, may, could, would, might, will.* We can give no assurance that the forward-looking information will prove to be accurate. It is based on a number of assumptions management believes to be reasonable, including but not limited to: the continued operation of the Company's mining operations, no material adverse change in the market price of commodities and exchange rates, that the mining operations will operate and the mining projects will be completed in accordance with their estimates and achieve stated production outcomes, volatility in the Company's share price and such other assumptions and factors as set out herein.

It is also subject to risks associated with our business, including but not limited to: risks inherent in the mining and metals business; commodity price fluctuations and hedging; competition for mining properties; sale of products and future market access; mineral reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; foreign activities; legal proceedings; and other risks that are set out in our annual information form and below.

If our assumptions prove to be incorrect or risks materialize, our actual results and events may vary materially from what we currently expect as set out in this review.

We recommend that you review our annual information form and this MD&A, which include a discussion of material risks that could cause actual results to differ materially from our current expectations. Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

CHANGES IN ACCOUNTING STANDARDS

Accounting Standards Issued and Effective January 1, 2013

The Company has adopted these accounting standards effective January 1, 2013. Other than the adoption of IFRS11 (Note 28), the adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 7 *Financial Instruments Disclosures*
IFRS 10 *Consolidated Financial Statements*
IFRS11 *Joint Arrangements*
IFRS 12 *Disclosure of Involvement with Other Entities*
IFRS 13 *Fair Value Measurement*
IAS 1 *Presentation of Financial Statements*
IAS 19 *Employee Benefits*
IAS 27 *Separate Financial Statements*
IAS 28 *Investments in Associates and Joint Ventures*
IFRIC 20 *Stripping Costs in the Production Phase of a Mine*

JOINT ARRANGEMENTS

The Company adopted IFRS11 *Joint Arrangements* effective January 1, 2013. This standard replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The standard is applicable to all entities that have an interest in arrangements that are jointly controlled. In accordance with the transition requirements, interests, previously defined as jointly controlled entities that were proportionately consolidated, are re-measured using the carrying amount of the assets and liabilities at the beginning of the immediately preceding period, that is, January 1, 2012, in order to arrive at the initial equity investment. The Company has two types of joint arrangements:

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 next 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.

JUDGMENTS AND ESTIMATES

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

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

The Company has determined that joint control of Huckleberry Mines Ltd. exists as all decisions related to relevant activities require unanimous approval of the board of directors. The Company deems the following relevant activities to be material:

- capital expenditures;
- disposition of assets;
- approval of borrowings;
- approval of the annual and five year plan; and
- loans or guarantees.

In concluding that Huckleberry Mines Ltd. is a joint venture, the Company determined that:

- it is an incorporated company which is a separate vehicle;
- the legal form of the vehicle does not provide the Company with rights to its assets and obligations;
- there are no terms in the shareholder agreement or similar contractual arrangements which provide the Company with rights to its assets and obligations for its liabilities; and
- that other facts and circumstances indicate that Huckleberry Mines Ltd. is not reliant on the Company as its only source of cash flows and therefore does not directly or indirectly have rights to the assets and obligations for its liabilities.

The Company has determined that the Ruddock Creek Joint Venture and the Porcher Island Joint Venture represent joint operations as they are unincorporated entities.

OVERVIEW

As a result of the change in accounting for Huckleberry, discussion and disclosure of the Company's 50% equity share of Huckleberry is confined to the headings "Huckleberry" and "Equity Income in Huckleberry".

Revenues were $51.7 million in the September 2013 quarter compared to $29.7 million in the comparative 2012 quarter. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue related to concentrate shipments where copper price will settle at a future date. The increase in revenue in the September 2013 quarter compared to the September 2012 quarter is primarily due to increased sales volumes and the addition of revenue from the Sterling mine commencing in July 2013. There were two concentrate shipments in the September 2013 quarter compared to one shipment in the 2012 quarter. The increase in shipment volumes was offset by lower copper and gold prices in the 2013 quarter compared to the 2012 quarter.

Revenue in the September 2013 quarter was increased by a positive revenue revaluation of $2.8 million compared to a positive revenue revaluation of $2.5 million in the comparative September 2012 quarter. Positive revenue revaluation are the result of the copper price on the settlement date and/or the current period balance sheet date being higher than when the revenue was initially recorded or the copper price at the last balance sheet date. In 2013 the copper price started the September quarter at US$3.14 per pound and ended the quarter at US$3.31 per pound. In the 2012 comparative quarter the copper price started the quarter at US$3.47 per pound and ended the quarter at US$3.75 per pound.

Income from mine operations increased to $25.2 million in the 2013 quarter from $11.1 million in the comparative quarter due to higher quantities of copper and gold sold in the quarter.

Net income for the quarter ended September 30, 2013 was $14.7 million ($0.20 per share) compared to net income of $4.3 million ($0.06 per share) in the comparative 2012 quarter. In addition to variances in revenues and income from mine operations described above, variations in net income were predominately attributable to the movement in realized and unrealized gains and losses on derivative instruments and taxes.

In the September 2013 quarter foreign exchange gains were $0.4 million compared to losses of $0.2 million in the comparative 2012 quarter primarily on foreign exchange movements on the increased U S Dollar debt being carried by the Company. The average CDN/US Dollar exchange rate in the 2013 quarter was 1.038 compared to an average of 0.994 in the September 2012 quarter.

In the September 2013 quarter the Company recorded losses on derivative instruments of $1.4 million compared to losses of $2.1 million in the comparative September 2012 quarter. The increase in the copper and gold price compared to the price in the derivative contracts was less in the September 2013 quarter compared to the September 2012 quarter resulting in a lower loss in the September 2013 quarter.

The Company recorded a $0.4 million net loss as its equity share of Huckleberry's loss during the current quarter compared to $0.6 million net income in the comparative 2012 quarter.

Income and mining tax expense increased to $8.1 million in 2013 from $3.2 million in 2012 primarily due to a significantly higher income during the current quarter.

Adjusted net income in the September 2013 quarter was $16.7 million ($0.22 per share) compared to $7.4 million ($0.10 per share) in the comparative 2012 quarter. Adjusted net income is calculated by removing the gains or losses, net of related income taxes, resulting from mark to market revaluation of derivative instruments for copper not related to the current period as further detailed on the following table.

CALCULATION OF ADJUSTED NET INCOME	Three Months Ended September 30		Nine Months Ended September 30	
[expressed in thousands of dollars, except share amounts]	2013	2012	2013	2012
Net income as reported	$14,721	$4,343	$32,883	$20,908
Unrealized losses (income) on derivative instruments, net of tax (a)	1,920	3,089	(57)	5,264
Adjusted Net Income (b)	$16,641	$7,432	$32,826	$26,172
Adjusted Net Income Per Share (b)	$0.22	$0.10	$0.44	$0.35

(a) Derivative financial instruments are recorded at fair value on the Company's Statement of Financial Position, with changes in the fair value, net of taxes, including the Company`s 50% share of derivative instruments of Huckleberry flowing through net income. The amounts ultimately realized may be materially different than reflected in the financial statements due to changes in prices of the underlying copper and gold hedged.

(b) Adjusted net income and adjusted net income per share are not terms recognized under IFRS in Canada however it does show the current year's financial results excluding the effect of items not settling in the current period. 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.

Cash flow increased to $28.6 million in the September 2013 quarter from $11.5 million in the comparative 2012 quarter. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS in Canada. Cash flow is defined as cash flow from operations, excluding income and mining taxes, interest paid and before the net change in non-cash working capital balances. 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 were $137.9 million, up from $46.3 million in the comparative 2012 quarter. The expenditures in 2013 were financed by cash flow from the Mount Polley mine, short term and non-current debt and $9.6 million equipment financing. At September 30, 2013 the Company had $4.9 million (December 31, 2012-$2.8 million) in cash. The short term debt balance at September 30, 2013 was $130.6 million (December 31, 2012-$92.4 million). The increase in the short term debt is primarily due to funding the development of the Red Chris project pending completion of long term debt arrangements for the project. During the September 30, 2013 quarter the Company also increased its non-current debt to fund the Red Chris project capital expenditures.

DERIVATIVE INSTRUMENTS

During the September 2013 quarter the Company recorded losses of $1.4 million on derivative instruments compared to losses of $2.1 million in the comparative 2012 quarter. There were no realized gains in the September 30, 2013 quarter compared to $0.1 million in the comparable quarter of 2012. These gains and losses result from the mark to market valuation of the derivative instruments based on changes in the price of copper and gold. The Company does not use hedge accounting therefore accounting rules require that derivative instruments be recorded at fair value on each statement of financial position date, with the adjustment resulting from the revaluation being charged to the statement of income as a gain or loss.

The Company utilizes a variety of derivative instruments including the purchase of puts, forward sales 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 price compared to the copper price at the time when these contracts were entered into and the type and length of time to maturity of the contracts.

Including hedges entered into through November 12, 2013 the Company has derivative instruments for Mount Polley covering about 72% of the estimated copper settlements for the period October 1, 2013 to December 31, 2014 via min/max zero cost collars and 62% of the estimated gold settlements via min/max zero cost collars for the same time period.

At September 30, 2013 the Company has net unrealized gains on its derivative instruments. This represents an increase in fair value of the derivative instruments from the dates of purchase to September 30, 2013.

DEVELOPMENTS DURING THE SEPTEMBER 2013 QUARTER

GENERAL

The London Metals Exchange copper price per pound averaged US$3.21 in the September 2013 quarter compared to US$3.50 in the comparative 2012 quarter. The London Metals Exchange gold price per troy ounce averaged US$1,327 in the September 2013 quarter compared to US$1,655 in the comparative 2012 quarter. The average CDN/US Dollar exchange rate of 1.038 in the September 2013 quarter was higher compared to the average CDN/US Dollar exchange of 0.995 in the comparative quarter. In CDN Dollar terms the average copper price in the September 2013 quarter was 4.0% lower than in the comparative 2012 quarter, and the average gold price in the September 2013 quarter was 16.0% lower than in the comparative 2012 quarter.

MOUNT POLLEY

Exploration, development and capital expenditures at Mount Polley were $16.3 million in the September 2013 quarter compared to $5.9 million in the comparative 2012 quarter.

Quarterly copper production was 11,021,476 pounds, up 28% from the comparable quarter in 2012. The increase in copper production is the result of the higher copper grade and better recovery more than offsetting the slightly lower throughput. Gold production for the quarter was down 5% due to lower gold grade ore being treated.

The majority of mill feed for the quarter came from the Phase 3 Springer pit, however small amounts of Cariboo ore are now being delivered as the pushback of the Cariboo pit continues. Boundary zone underground work continues with 360 metres of ramping, cross-cutting and raising completed in the quarter.

Mount Polley is an open pit copper/gold mine located 56 kilometres northeast of Williams Lake, British Columbia.

HUCKLEBERRY

In accordance with the changes to IFRS11 *Joint Arrangements* the financial results are now accounted for on an equity basis and are not proportionately consolidated. The comparative periods have been restated to reflect this change in accounting policy. Refer to Note 28 of the Interim Financial Statements for details of changes to the comparative quarter and Note 5 of the Interim Financial Statements for information on Huckleberry and the Company's investment in Huckleberry. Huckleberry information is stated at 100%, of which Imperial's equity share is 50%.

Exploration, development and capital expenditures at Huckleberry were $20.3 million in the September 2013 quarter compared to $32.1 million in the comparative 2012 quarter.

Huckleberry revenues in the 2013 quarter were $21.1 million compared to $39.2 million in the comparative 2012 quarter due to one shipment in 2013 compared to two shipments in 2012. Revenue benefitted from a $4.0 million positive revenue revaluation in 2013 compared to a positive revenue revaluation of $2.5 million in the 2012 quarter.

Income from mine operations was $8.1 million in the 2013 quarter compared to $8.2 million in the comparative 2012 quarter.

During the September 2013 quarter losses on copper derivatives were $2.2 million compared to losses of $4.4 million in the 2012 quarter. Derivative instruments for Huckleberry cover about 36% of the estimated copper settlements through April 2014 via min/max zero cost collars.

Net loss was $0.7 million in 2013 compared to a net income of $1.1 million in 2012. Imperial`s equity loss from Huckleberry was $0.3 million in the 2013 quarter versus $0.6 million net income in the comparative quarter.

Throughput for the third quarter 2013 averaged 15,404 tonnes per calendar day down from the 16,236 tonnes achieved in the third quarter 2012 due to mineralogical harder ore. Copper production was up over 24% on higher grades and recovery. During the quarter virtually all ore delivered to the mill came from the 946 to 934 benches within the MZX pit. Stripping of the tailings and waste from the old Main zone pit constituted the bulk of the waste mining.

The new tailings storage facility (TMF-3) construction on the starter and saddle dams, as well as the piping, pumping, cycloning and power infrastructure required to operate the TMF3 was completed in August and is now being operated.

Imperial holds a 50% interest in Huckleberry Mines Ltd. The remaining 50% interest is held by a consortium consisting of Mitsubishi Materials Corporation, Dowa Mining Co. Ltd. and Furukawa Co. Huckleberry is an open pit copper/molybdenum mine located 123 kilometres southwest of Houston, British Columbia.

RED CHRIS

Red Chris mine development is proceeding with 94% of the engineering complete as of September 30, 2013. Start of commissioning is scheduled for May 2014.

The 287 kV Northwest Transmission Line (NTL) from Skeena substation to Bob Quinn is under construction by BC Hydro with a planned completion date of May 2014. A subsidiary of Imperial will construct the 93 kilometre extension (Iskut Extension) from Bob Quinn to Tatogga. The power line engineering design has reached 90% completion. Construction of access roads and right of way clearing for the Iskut Extension which began in July is 54% complete. A 100 person camp and laydown yards were established along the route to store and assemble lattice structure components. An experienced power line constructor has been retained to install foundations, structures, hardware and conductor.

The Red Chris site work continued through summer 2013. Work items in the third quarter 2013 included:

- placing of 2,852 cubic metres of concrete in the primary crusher, overland conveyor transfer towers and bents;
- construction of the MSE wall at the primary crusher to approximately 60% complete;
- installation of transformer concrete foundations at the main electrical substation;
- installation of 16,396 cubic metres of concrete (project to date) in the process building and reclaim tunnel;
- erection of structural steel, cladding and roofing in the process building and multi-plate in the reclaim tunnel;
- setting the rougher tank cells, cleaner column cells, filter wash tank, filtrate tank, stock tank and thickener in the flotation bay;
- mechanical installation of the overland conveyor, pebble crusher, vertimill base, apron feeders, chutes and pump assemblies;
- placing and compaction of 1.3 million cubic metres of materials in the tailings storage facility; and
- construction of the tailings and reclaim lines.

The first concrete pour in 2013 was on March 24, 2013. Concrete pours are planned to early December 2013. The primary crusher, MSE wall, overland conveyor and coarse ore reclaim tunnel are to be installed this year. Construction has begun on the site electrical substation, reagent building and booster pump house. On November 5 the roof and virtually all the cladding on the process plant were in place, providing a covered area for trades to work inside through the winter.

The North Starter Dam earthworks are ongoing in the TIA utilizing a combination of equipment owned by Red Chris, with support from the Tahltan Nation Development Corporation and other contractors. A portion of the mining fleet delivered during the third quarter, including four Caterpillar 793 trucks and a 994 loader, were used to construct the tailings storage facility.

The work at Red Chris to date has been funded by cash flow from operations, equipment financed by non-current debt, the Company's line of credit, and a line of credit facility with a significant shareholder which was increased to $200.0 million from $130.0 million subsequent to September 30, 2013.

Exploration at Red Chris is temporarily suspended while the Company completes the development of the Red Chris mine.

The Red Chris copper/gold property is located 80 kilometres south of Dease Lake in northwest British Columbia.

STERLING

Stoping operations from the 3292, 3260 and 3220 levels produced 62,162 tons of ore. Development work of 125 feet produced 1,060 tons of ore and 620 tons of waste. Development included work on 3220 cross-cuts and a drift on the 3320 level to access to back end of the stope.

In the third quarter 2013 a total of 63,223 tons of ore, containing 5,362 ounces gold, were stacked onto the leach pad at an average grade of 0.085 ounces per ton.

The Sterling gold property is located 185 kilometres northwest of Las Vegas, Nevada.

RUDDOCK CREEK

The Ruddock Creek Joint Venture is owned by Imperial (50%), Mitsui Mining and Smelting Co. Ltd. (30%) and Itochu Corporation (20%). The Ruddock Creek zinc/lead property is located 155 kilometres northeast of Kamloops in the Scrip Range of the Monashee Mountains in southeast British Columbia.

During the quarter the Joint Venture completed the 2013 field program which included site infrastructure studies, metallurgical testing including dense media separation, spiral, flotation, mineralogical, acid base accounting, and humidity cell testing. The work included collecting and testing mineralized material from each of the Lower E, Creek and V zones, and collecting and testing representative samples of each rock type identified on the property. The collection of baseline environmental and geotechnical information included trenching and geotechnical core drilling in order to provide data for future permitting and engineering studies. Surface exploration carried out during the quarter included detailed geological and structural mapping in a number of areas, as well as the collection of mineralized and non-mineralized rock samples for age-dating purposes. A higher capacity water control structure for the underground discharge was constructed. Ongoing consultations continued with area First Nations. The camp has now been closed for the forthcoming winter period.

The Ruddock Creek zinc/lead property is located 155 kilometres northeast of Kamloops in the Scrip Range of the Monashee Mountains in southeast British Columbia.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2012

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the three months ended September 30, 2013 and the audited consolidated financial statements of the Company for the year ended December 31, 2012.

FINANCIAL RESULTS

Overview

Revenues were $51.7 million in the September 2013 quarter compared to $29.7 million in the comparative 2012 quarter. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where copper price will settle at a future date.

Income from mine operations increased to $25.2 million from $11.1 million in the comparative 2012 quarter primarily due to increased sales volumes in the current quarter. Metal production in the 2013 quarter was higher than the 2012 comparative quarter, which in turn decreased the cost per pound of copper sold in that quarter, increasing income from operations.

Net income for the quarter ended September 30, 2013 was $14.7 million ($0.20 per share) compared to net income of $4.3 million ($0.06 per share) in the comparative 2012 quarter. In addition to variances in revenues and income from mine operations described above, variations in net income period over period are predominately attributable to the movement in realized and unrealized gains and losses on derivative instruments.

Revenue

[expressed in thousands of dollars, except quantity amounts]

	Three Months Ended	
	September 30 2013	September 30 2012 Note 27
Copper 000's pounds sold	*9,718,715*	*4,756,471*
Gold ounces sold	*13,994*	*7,171*
Revenue before revaluation	$48,860	$27,193
Revenue revaluation	2,808	2,489
	$51,668	$29,682

The increase in revenue in the September 2013 quarter over the 2012 quarter is due primarily to increased sales. There were two concentrate shipments in the September 2013 quarter compared to one shipment in the 2012 quarter from the Mount Polley mine and the Company commenced recording sales from the Sterling mine in July 2013. The increase in shipment volumes was partially offset by lower copper and gold prices in the 2013 quarter compared to the 2012 quarter.

Cost of Sales

[expressed in thousands of dollars]

	Three Months Ended	
	September 30 2013	September 30 2012 Note 27
Operating expenses	$14,336	$11,537
Salaries, wages and benefits	7,725	4,921
Depletion and depreciation	4,385	2,021
Share based compensation	28	59
	$26,474	$18,538

Cost of sales increased primarily due to higher shipment volumes partially offset by improved copper production in the current quarter compared to the September 2012 quarter and inclusion of the Sterling mine commencing in the September 2013 quarter.

General and Administration Costs

[expressed in thousands of dollars]

	Three Months Ended	
	September 30 2013	September 30 2012 Note 27
Administration	$1,273	$1,087
Share based compensation	381	743
Depreciation	25	38
Foreign exchange loss	227	556
	$1,906	$2,424

Administration costs increased slightly in the September 2013 quarter compared to the comparative 2012 quarter as a result of increased corporate activities related to financing the Red Chris project. Share based compensation expense declined from 2012 as there were no new option grants.

The average CDN/US Dollar exchange rate for the September 2013 quarter was 1.038 compared to 0.995 in the comparative quarter. The CDN/US Dollar exchange rate was on a decreasing trend in the September 2013 quarter which resulted in a foreign exchange loss of $0.2 million during the 2013 quarter compared to a loss of $0.6 million in the 2012 comparative quarter. These gains and losses are attributable to holding US Dollar denominated cash, accounts receivable, accounts payable and non-current debt. These net US Dollar asset and liability balances are the result of the operations at Mount Polley and financing arrangements for Mount Polley and Red Chris.

Finance (Costs) Income

[expressed in thousands of dollars]

	Three Months Ended	
	September 30 2013	September 30 2012
Losses on derivatives instruments	$(1,423)	$(2,044)
Interest expense, net of $3,144 (2012-$390), capitalized to construction in progress	(6)	(131)
Financing fees	375	-
Foreign exchange gain (loss) on debt	627	338
Other	333	62
	$(94)	$(1,775)

The inclusion of gains and losses on derivative instruments results in large variances in finance costs depending on the gains and losses on derivative instruments. None of the Company's contracts qualify for hedge accounting and therefore the Company marks to market the unrealized gains and losses on all its contracts. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous quarters, due to changes in copper and gold price, resulted in a loss of $1.4 million during the three months ending September 2013 compared to a loss of $2.1 million in the comparative September 2012 quarter. The ultimate gain or loss on these contracts will be determined by the copper and gold prices in the periods when these contracts settle.

Interest expense of $3.1 million was capitalized to construction in progress during the September 2013 quarter as a result of the construction at the Red Chris mine. In the comparative 2012 quarter $0.4 million was capitalized.

The Company increased its US Dollar denominated debt in the September 2013 quarter. The foreign exchange movements on the increase US Dollar debt resulted in a foreign exchange gain of $0.6 million compared to a $0.3 million gain in the comparative 2012 quarter.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was a $0.4 million loss in the September 2013 quarter compared to a $0.6 million income on the comparative 2012 quarter. The decline was primarily due to increased income tax expense and lower shipment volumes.

[stated 100% - Imperial's equity share is 50%] [expressed in thousands of dollars, except quantity amounts]	Three Months Ended	
	September 30 2013	September 30 2012 Note 27
Copper 000's pounds sold	*5,426,945*	*10,497,068*
Revenue before revaluations	$17,105	$36,715
Revenue revaluation	4,012	2,519
	21,117	39,234
Cost of sales	(12,984)	(31,070)
Income from mine operations	8,133	8,164
Other	(4,159)	(5,626)
Income before taxes	3,974	2,538
Income and mining taxes	(4,665)	(1,410)
Net Income	$(691)	$1,128

Cost of sales was lower in the September 2013 quarter compared to the 2012 quarter due to lower shipment volumes and improved copper production. Tax expense increased in the September 2013 quarter to $4.7 million compared to $1.4 million partly due to higher income and the balance due to a revised tax provision.

Income and Mining Taxes

[expressed in thousands of dollars, except quantity amounts]	Three Months Ended	
	September 30 2013	September 30 2012
Current Taxes		
Income taxes	$711	$581
BC Mineral taxes	419	242
Nevada Net Proceeds Tax	39	-
	1,169	823
Deferred Taxes		
Income taxes	5,125	1,257
BC Mineral Taxes	1,832	1,084
	6,957	2,341
	$8,126	$3,164

The Company's effective tax rate, including BC Mineral taxes and excluding equity income from Huckleberry, was 35.0% of pre-tax income marginally lower than the expected 35.6% tax rate.

LIQUIDITY & CAPITAL RESOURCES

CASH FLOW

Cash flow was $28.6 million in the September 2013 quarter compared to cash flow of $11.5 million in the comparative quarter. Sales volumes were higher in the September 2013 quarter compared to the 2012 quarter.

Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS and may not be comparable to similar measures used by other companies. Cash flow is defined as cash flow from operations, excluding mining and income taxes and interest paid and before the net change in working capital balances.

WORKING CAPITAL

At September 30, 2013 the Company had a working capital deficiency, defined as current assets less current liabilities of $171.7 million, an increase of $97.3 million from working capital deficiency of $74.4 million at December 31, 2012. The September 30, 2013 working capital position reflects the increase in short term debt used to finance the acquisition of capital equipment and development of the Red Chris mine as well as an increase in current trade payables associated with increased operational and development activities.

ACQUISITION AND DEVELOPMENT OF MINERAL PROPERTIES

Acquisition and development of mineral properties totalled $137.9 million in the September 2013 quarter compared to $46.3 million in the September 2012 quarter. Acquisition and development expenditures in 2013 and 2012 were financed from cash flow from operations and long and short term debt.

[expressed in thousands of dollars]	Three Months Ended	
	September 30 2013	September 30 2012
Capital and Development Expenditures		
Mount Polley	$13,021	$3,235
Red Chris (including capitalized interest of $3,144 (2012-$390))	121,958	38,056
Sterling	344	380
Other	-	43
	135,323	41,714
Exploration Expenditures		
Mount Polley	$3,238	$2,612
Red Chris	33	57
Sterling, net of pre-production revenues	(1,112)	1,736
Other	408	133
	2,567	4,538
	$137,890	$46,252

Capital and development expenditures at Mount Polley included deferred stripping and a 793 CAT haul truck and Pit Viper drill in addition to capital to maintain and extend productive capacity. At Red Chris, capital and development expenditures were made to construct and outfit the planned 30,000 tonnes per day copper/gold mine and mill. Expenditures at Sterling included preproduction development costs, net of preproduction revenues. The Sterling mine recommenced operations in July 2012 and reached commercial production in March 2013.

Exploration expenditures of $3.2 million at Mount Polley consist of underground expenditures and drilling at the Boundary zone.

The Company's 50% share of exploration and development expenditures in the September 2013 quarter at Ruddock Creek was $0.4 million.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2012

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the three and nine month periods ended September 30, 2013 and the audited consolidated financial statements of the Company for the year ended December 31, 2012.

FINANCIAL RESULTS

Overview

Revenues were $143.9 million in the September 2013 period compared to $140.8 million in the comparative 2012 period. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where copper price will settle at a future date.

Income from mine operations was $52.0 million in the September 30, 2013 period from $38.2 million in the comparative 2012 period.

Net income for the period ended September 30, 2013 was $32.9 million ($0.44 per share) compared to net income of $20.9 million ($0.28 per share) in the comparative 2012 period. In addition to variances in revenues and income from mine operations described above, variations in net income period over period are predominately attributable to the movement in realized and unrealized gains and losses on derivative instruments.

Revenue

[expressed in thousands of dollars, except quantity amounts]

	Nine Months Ended	
	September 30 2013	September 30 2012 Note 27
Copper 000's pounds sold	*29,340,087*	*23,736,650*
Gold ounces sold	*38,402*	*36,697*
Revenue before revaluations	$149,100	$142,909
Revenue revaluation	(5,519)	(2,083)
	$143,581	$140,826

The increase in revenue in the September 2013 period over the 2012 period is due to higher sales volumes partially offset by lower copper and gold prices, and higher negative revenue revaluation in the current period compared to the 2012 period. The 2013 period includes revenue from the Sterling mine commencing in July 2013.

Revenue revaluation are the result of the copper 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 copper price at the last balance sheet date. The copper price started the period at US$3.60 per pound and ended the period at US$3.31 per pound.

Cost of Sales

[expressed in thousands of dollars]

	Nine Months Ended	
	September 30 2013	September 30 2012 Note 27
Operating expenses	$52,827	$62,624
Salaries, wages and benefits	26,146	28,860
Depletion and depreciation	12,763	10,954
Share based compensation	103	175
	$91,839	$102,613

Cost of sales decreased due to improved copper production in the current period compared to the 2012 period.

General and Administration Costs

[expressed in thousands of dollars]

	Nine Months Ended	
	September 30 2013	September 30 2012 Note 27
Administration	$4,062	$3,582
Share based compensation	1,296	2,210
Depreciation	82	104
Foreign exchange loss	95	781
	$5,535	$6,677

General and administration costs decreased to $5.5 million in the September 2013 period compared to $6.7 million the comparative 2012 period primarily due a decline in share based compensation expense as there have been no new option grants and lower foreign exchange losses.

The average CDN/US Dollar exchange rate for the September 2013 period was 1.024 compared to 1.002 in the comparative period. These gains and losses are attributable to holding US Dollar denominated cash, accounts receivable, accounts payable and non-current debt. These net US Dollar asset and liability balances are the result of the operations at Mount Polley and Red Chris.

Finance (Costs)

[expressed in thousands of dollars]

	Nine Months Ended	
	September 30 2013	September 30 2012 Note 27
Gains (losses) on derivatives instruments	$141	$(3,421)
Interest expense, net of $5,534 (2012-$875), capitalized to construction in progress	(35)	(341)
Foreign exchange (loss) gain on debt	(462)	608
Other	(116)	45
	$(472)	$(3,109)

The inclusion of gains and losses on derivative instruments results in large variances in finance costs depending on the gains and losses on derivative instruments. None of the Company's contracts qualify for hedge accounting and therefore the Company marks to market the unrealized gains and losses on all its contracts. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous periods, due to changes in copper and gold price, resulted in a gain of $0.1 million during the nine months ending September 2013 compared to a loss of $3.4 million in the comparative 2012 period. The ultimate gain or loss on these contracts will be determined by the copper and gold prices in the periods when these contracts settle.

Interest expense of $5.5 million was capitalized to construction in progress during the June 2013 period as a result of the construction at the Red Chris mine. In the 2012 comparative period $0.9 million was capitalized.

The Company increased its US Dollar denominated debt in the September 2013 period. With the higher CDN/US Dollar exchange rate this resulted in a foreign exchange loss of $0.5 million compared to a $0.6 million gain in the comparative 2012 period.

Equity Income in Huckleberry

The Company's 50% share of income from Huckleberry was $3.9 million in the September 2013 period compared to $3.8 million on the comparative 2012 period.

[stated 100% - Imperial's equity share is 50%]
[expressed in thousands of dollars, except quantity amounts]

	Nine Months Ended	
	September 30 2013	September 30 2012 Note 27
Copper 000's pounds sold	*28,898,685*	*27,032,415*
Revenue before revaluations	$96,503	$96,221
Revenue revaluation	(2,726)	3,765
	93,777	99,986
Cost of sales	(76,491)	(77,476)
Income from mine operations	17,286	22,510
Other	(1,563)	(9,574)
Income before taxes	15,723	12,936
Income and mining taxes	(7,988)	(5,310)
Net Income	$7,735	$7,626

Cost of sales was down slightly in the 2013 period compared to the 2012 period as copper production for the current period was higher. Included in *Other* is the benefit of derivative instruments which offset a portion of the decline in the copper price and revenue revaluation. Tax expense increased due to higher income, an increase in the BC income tax rate and changes in the valuation allowance.

Income and Mining Taxes

[expressed in thousands of dollars]

	Nine Months Ended	
	September 30 2013	September 30 2013
Current Taxes		
Income taxes	$2,288	$5,078
BC Mineral taxes	766	702
Nevada Net Proceeds tax	39	-
	3,093	5,780
Deferred Taxes		
Income taxes	12,111	1,934
BC Mineral Taxes	1,834	3,698
	13,945	5,632
	$17,038	$11,412

The Company's effective tax rate, including BC Mineral taxes and excluding equity income from Huckleberry, was 37.0% of pre-tax income. This is higher than the expected 35.5% primarily due to the charge for deferred income taxes for the increase in the British Columbia provincial income tax rate from 10% to 11%.

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 2012.

The capital structure of the Company consists of short term debt, credit facilities, including credit facilities with counterparties related to derivative instruments, non-current debt and equity attributable to common shareholders, comprised of share capital, share option reserve and retained earnings.

The Company is in compliance with the debt covenants related to its short term debt, credit facilities with counterparties, and non-current debt.

LIQUIDITY & CAPITAL RESOURCES

CREDIT RISK

The Company's credit risk is limited to cash, trade and other receivables, future site reclamation deposits and derivative instruments 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 smelters and traders. These customers are large, well capitalized and diversified multinationals, 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 often utilizes short term debt facilities with customers to reduce the net credit exposure.

The Company enters into derivative instruments with a number of counterparties. The credit risks associated with these counterparties is considered to be minimal because of their strong capital base, diversity and multinational operations. In addition, to reduce risk related to derivative instruments the Company utilizes multiple counterparties.

The Company's credit risk has not changed significantly since December 31, 2012.

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 there are sufficient committed credit facilities, including the advance payment facilities noted above, to provide the necessary cash to meet projected cash requirements. At September 30, 2013 the Company's primary sources of credit are a $150.0 million line of credit with a financial institution and a $130.0 million line of credit with a significant shareholder.

The Company also holds derivative instruments, its investment in Huckleberry, mineral property holdings and marketable securities. 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. The Company does not hold any Master Asset Vehicle Notes.

The Company's overall liquidity risk has increased as the Company faces higher than normal capital expenditures in 2013 and 2014 related to the development of the Red Chris mine. At September 30, 2013, the Company had outstanding commitments of $69.5 million primarily relating to the construction of the Red Chris project, with commitments of $30.0 million for the remainder of fiscal year 2013 and $39.5 million for fiscal year 2014. At September 30, 2013, long term debt facilities totalling $44.6 million were available to be drawn to finance capital additions for Red Chris and Mount Polley.

The Company's short term bank facility of $150.0 million is due on demand and matures on December 31, 2013. The maturity date of the $130.0 million unsecured line of credit facility with Edco Capital Corporation, a company controlled by Mr. Edwards, a significant shareholder of the Company is January 1, 2015.

The Company's $130.0 million line of credit facility is due on January 1, 2015, of which $105.0 million was drawn as of September 30, 2013. Subsequent to September 30, 2013 the facility was increased from a maximum of $130.0 million to a maximum of $200.0 million. The increase in the line of credit facility will be used to provide the Company with additional resources for construction of the Red Chris project and for general working capital purposes. At September 30, 2013, the Company had utilized $146.7 million of the $150.0 million short term bank facility and $105.0 million of the line of credit facility. In addition, long term equipment financing of US$19.1 million was undrawn at September 30, 2013, and was fully utilized in October 2013 to pay for mobile equipment purchased in the September 30, 2013 quarter.

The Company is targeting to conclude long term financing arrangements for the Red Chris project before the end of fiscal 2013 or the first quarter of 2014. However, there can be no assurance that financing will be available on terms acceptable to the Company or at all.

Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

CURRENCY RISK

Financial instruments that impact the Company's net income and comprehensive income due to currency fluctuations include US dollar denominated cash, trade and other receivables, derivative instrument assets and margin deposits, future site reclamation deposits, trade and other payables, derivative instrument liabilities, and short term debt. If the US Dollar had been 10% stronger/weaker versus the Canadian Dollar and all other variables were held constant, net income and comprehensive income for the period ended September 30, 2013 would have been higher/lower by $0.4 million.

CASH FLOW

Cash flow was $61.1 million in the September 2013 period compared to cash flow of $45.2 million in the comparative period. Although copper and gold prices were lower in the September 2013 period compared to the September 2012 period this decline in prices was more than offset by higher production.

Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS and may not be comparable to similar measures used by other companies. Cash flow is defined as cash flow from operations, excluding mining and income taxes and interest paid and before the net change in working capital balances.

WORKING CAPITAL

At September 30, 2013, the Company had a working capital deficiency, defined as current assets less current liabilities of $171.7 million, an increase of $97.3 million from working capital deficiency of $74.4 million at December 31, 2012. The September 30, 2013 working capital position reflects the increase in short term debt used to finance the acquisition of capital equipment and development of the Red Chris mine as well as an increase in current trade payables associated with increased operational and development activities.

ACQUISITION AND DEVELOPMENT OF MINERAL PROPERTIES

Acquisition and development of mineral properties totalled $279.8 million in the September 2013 period compared to $93.6 million in the September 2012 period. Acquisition and development expenditures in 2013 and 2012 were financed from cash flow from operations and long and short term debt.

[expressed in thousands of dollars]	Nine Months Ended	
	September 30 2013	September 30 2012
Capital and Development Expenditures		
Mount Polley	$49,582	$15,882
Red Chris (including capitalized interest of $5,534 (2012-$900))	223,091	63,640
Sterling	874	3,158
Other	20	315
	273,567	82,995
Exploration Expenditures		
Mount Polley	7,329	6,885
Red Chris	320	1,432
Sterling, net of pre-production revenues	(2,092)	2,036
Other	644	301
	6,201	10,654
	$279,768	$93,649

Capital and development expenditures at Mount Polley included deferred stripping, and two haul trucks and a drill in addition to capital to maintain and extend productive capacity. At Red Chris, capital and development expenditures were made to construct and outfit the planned 30,000 tonnes per day copper/gold mine and mill. Expenditures at the Sterling mine included preproduction development costs, net of preproduction revenues. The Sterling mine recommenced operations in July 2012 and commercial production was reached in March 2013.

Exploration expenditures of $7.3 million at Mount Polley consist of underground expenditures at the Boundary zone.

The Company's 50% share of exploration and development expenditures in the September 2013 period at Ruddock Creek was $0.6 million.

DEBT AND OTHER OBLIGATIONS

INTEREST RATE RISK

The Company is exposed to interest rate risk on its outstanding borrowings. At September 30, 2013 about 50% of the Company's outstanding borrowings are at floating interest rates. 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.

Advances from the credit facilities available to the Company are utilized to provide working capital to meet day to day cash requirements.

The Company had the following contractual obligations as of September 30, 2013:

[expressed in thousands of dollars]	2013	2014	2015	2016	2017	2018	Total
Non-current debt	$1,544	$6,289	$111,637	$7,061	$6,391	$2,354	$135,276
Short term debt	130,611	-	-	-	-	-	$130,611
Operating leases	111	391	388	391	198	-	$1,479
Capital expenditures and other	30,037	39,658	208	208	28	28	$70,167
Reclamation bonding	-	8,500	4,500	6,000	5,500	4,000	$28,500
Mineral properties [1]	95	431	615	696	907	1,102	$3,846
Total	$162,398	$55,269	$117,348	$14,356	$13,024	$7,484	$369,879

[1] Mineral property commitments are the estimated payments required to keep the Company's claims or option agreements in good standing. Total is to the year 2018 only.

Based on current plans and assumptions, the Company expects to have sufficient cash resources to support its normal operating requirements on an ongoing basis, exclusive of Red Chris project development costs. The Company expects to continue to utilize its short term bank facilities and the Edco Capital Corporation line of credit facility to manage its day to day financing needs. The Company is looking at alternatives to secure long term debt financing that will be required to fund the balance of the 2013 and the 2014 construction costs for the Red Chris project. In the interim the Company has access to funds for the construction of the Red Chris project via the $150.0 million line of credit facility and a $130.0 million line of credit facility with a significant shareholder which was increased to $200.0 million subsequent to September 30, 2013.

At September 30, 2013 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.

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.

SELECTED QUARTERLY FINANCIAL INFORMATION

[expressed in thousands of dollars, except share amounts, copper and gold quantities, prices and exchange rates]

				Three Months Ended
	September 30 2013	June 30 2013	March 31 2013	December 31 2012[4]
Total sales including 50% equity share of Huckleberry				
Copper 000's pounds sold	*12,432*	*15,583*	*15,775*	*12,716*
Gold ounces sold	*14,161*	*12,172*	*12,982*	*15,167*
Silver ounces sold	*45,249*	*65,977*	*67,749*	*48,850*
Total sales excluding Huckleberry				
Copper 000's pounds sold	*9,719*	*9,646*	*9,975*	*9,975*
Gold ounces sold	*13,994*	*11,779*	*12,628*	*14,979*
Silver ounces sold	*29,572*	*32,784*	*33,990*	*32,883*
Total Revenues	$51,668	$41,317	$50,866	$58,547
Equity Income (loss) in Huckleberry	$(345)	$2,279	$1,934	$1,704
Net Income	$14,721	$7,541	$10,621	$11,718
Income per share [1]	$0.20	$0.10	$0.14	$0.16
Diluted Income per share [1]	$0.20	$0.10	$0.14	$0.16
Adjusted Net Income [2]	$16,641	$5,968	$10,217	$10,635
Adjusted Net Income per share[1] [2]	$0.22	$0.08	$0.14	$0.14
Cash Flow [3]	$28,639	$16,036	$16,451	$20,816
Cash Flow per share [1] [3]	$0.38	$0.22	$0.22	$0.28
Average LME copper price/lb in US$	$3.21	$3.24	$3.60	$3.59
Average LME gold price/troy oz in US$	$1,327	$1,413	$1,630	$1,719
Average CDN/US$ exchange rate	$1.039	$1.023	$1.009	$0.991
Period end CDN/US$ exchange rate	$1.029	$1.051	$1.016	$0.995

				Three Months Ended
	September 30 2012[4]	June 30 2012[4]	March 31 2012[4]	December 31 2011[4]
Total sales including 50% equity share of Huckleberry				
Copper 000's pounds sold	*10,005*	*15,143*	*12,105*	*10,047*
Gold ounces sold	*7,504*	*15,508*	*14,550*	*8,191*
Silver ounces sold	*46,016*	*62,228*	*49,537*	*45,084*
Total sales excluding Huckleberry				
Copper 000's pounds sold	*4,756*	*9,599*	*9,380*	*4,731*
Gold ounces sold	*7,171*	*15,147*	*14,379*	*7,829*
Silver ounces sold	*17,028*	*33,612*	*34,334*	*17,453*
Total Revenues	$29,682	$50,883	$60,261	$26,476
Equity Income (loss) in Huckleberry	$564	$3,524	$(275)	$(1,683)
Net Income	$4,343	$11,966	$4,599	$3,303
Income per share [1]	$0.06	$0.16	$0.06	$0.05
Diluted Income per share [1]	$0.06	$0.16	$0.06	$0.04
Adjusted Net Income [2]	$7,432	$10,535	$8,205	$8,229
Adjusted Net Income per share[1] [2]	$0.10	$0.14	$0.11	$0.11
Cash Flow [3]	$11,508	$15,825	$17,895	$17,778
Cash Flow per share [1] [3]	$0.15	$0.21	$0.24	$0.24
Average LME copper price/lb in US$	$3.50	$3.567	$3.768	$3.408
Average LME gold price/troy oz in US$	$1,655	$1,611	$1,691	$1,684
Average CDN/US$ exchange rate	$0.995	$1.006	$1.001	$1.023
Period end CDN/US$ exchange rate	$0.984	$1.019	$0.999	$1.017

(1) The sum of the quarterly net income per share, adjusted net income per share and cash flow per share may not equal the annual total due to timing of share issuances during the year.
(2) Adjusted Net Income is defined as net income adjusted for certain items of a non-operational nature that pertain to future periods as described in further detail under the heading Adjusted Net Income.
(3) 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 and are therefore unlikely to be comparable to similar measures used by other companies. Cash Flow is defined as cash flow from operations and before net change in working capital balances, income and mining taxes paid, and interest paid. Adjusted Net Income and Cash Flow Per Share are the same measures divided by the weighted average number of common shares outstanding during the period.
(4) The Company adopted IFRS11 on January 1, 2013 which resulted in the Company changing the accounting for its investment in Huckleberry Mines Ltd. from proportionate consolidation to the equity method. All comparative periods have been restated to reflect the impact of the adoption of IFRS11.

The financial information for each of the most recently completed eight quarters has been prepared in accordance with International Financial Reporting Standards.

The Company believes the measures referred to in (2) and (3) are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.

Variations in the quarterly results are impacted by three 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, gold and the CDN/US Dollar 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 production cost inputs and changes in tax rates.
(c) Inclusion of Sterling mine operations in the September 2013 quarter upon restart of the mine.

The significantly lower net income in the September 2012, and December 2011 and March 2012 quarters was primarily due to lower quantities of copper and gold sold by the Company, inclusive of the Company's share of Huckleberry, during these quarters as shipment levels were lower than in the other quarters. The lower income in the June 2013 quarter is primarily due to a $2.3 million adjustment for deferred income taxes during that period resulting from the British Columbia provincial income tax rate increasing from 10% to 11%.

RELATED PARTY TRANSACTIONS

Related party transactions and balances with a company controlled by a significant shareholder and a company in which a director is an owner are as follows:

[expressed in thousands of dollars]	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Cost of sales	$ -	$ -	$ -	$6
Loan guarantee fee	$119	$ -	$353	$ -
Financing fees	$275	$ -	$650	$ -
Interest expense	$1,056	$ -	$1,139	$ -
Non-current debt	$105,000	$ -	$105,000	$ -

The Company incurred the above transactions and balances in the normal course of operations. Expenses have been measured at the fair value which is determined on a cost recovery basis. The financing fees are related to the $130.0 million line of credit facility entered into by the Company with a significant shareholder during the June and September 2013 quarters for interim funding of the Red Chris project. Loan guarantee fees to the same significant shareholder relate to the guarantee of $75.0 million of the Company's credit facility with its bank.

OTHER

As of November 12, 2013 the Company had 74,626,018 common shares outstanding, and on a diluted basis 77,258,718 common shares outstanding. Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

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. As 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 evaluated the design and operational effectiveness of its internal control and procedures over financial reporting as defined under National Instrument 52-109. 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 Huckleberry Mines Ltd., in which the Company holds a 50% interest. 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 evaluation of effectiveness of internal controls over financial reporting was completed using the framework and criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organization of the Treadway Commission. Based on this evaluation management has concluded that as of September 30, 2013 the Company's internal control over financial reporting was effective.

There has been no change in the Company's design of these internal controls and procedures over financial reporting that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. In the opinion of management, these matters will not have a material effect on the Company's consolidated financial position or financial performance.

OUTLOOK

This section contains forward-looking information. See the "Forward-Looking Statements and Risks Notice".

OPERATIONS, EARNINGS AND CASH FLOW

Base and precious metals production allocable to Imperial in 2013 from the Mount Polley, Huckleberry and Sterling mines is anticipated to be 58.5 million pounds copper, 54,600 ounces gold and 195,000 ounces silver. Additional financing will be required in 2013 to fund accelerating expenditures at Red Chris. Management plans to finance a large part of the Red Chris development costs through a debt facility to minimize equity dilution.

Cash flow protection for the balance of 2013 is supported by derivative instruments that will see the Company receive certain minimum prices for copper and gold as disclosed under the heading Derivative Instruments. However, the quarterly revenues will fluctuate depending on copper and gold prices, the CDN Dollar/US Dollar exchange rate, and the timing of concentrate sales which is dependent on concentrate production and the availability and scheduling of transportation.

EXPLORATION

Exploration in 2013 will be limited in scope and be conducted at our existing mining operations: Mount Polley, Huckleberry and Sterling.

Ongoing exploration at Mount Polley will continue to focus on the excavation of a test stope in the Boundary zone.

In the fourth quarter, planned drilling of seven diamond drill holes totalling 1,750 metres are planned. Analysis of the soil sampling program completed on the nearby North Huckleberry claims is underway.

Underground drilling at Sterling will continue in the 144 zone.

The Company continues to evaluate exploration opportunities both on currently owned properties and new prospects.

DEVELOPMENT

For the remainder of 2013, the majority of Mount Polley ore will be from the Phase 3 Springer pit. Boundary zone underground work continues with ramping, cross-cutting and raising. Excavation of sill drifts in the planned Boundary zone and the adjacent Zuke zone also continue.

At Huckleberry, the majority of ore will come from the MZX pit and with the new tailing storage facility complete, the focus of mine operations will be to excavate tailings and waste from the old MZO pit.

Red Chris development work in the fourth quarter continues with the construction of the 93 kilometre Iskut Extension, construction of access roads and right of way clearing for the Iskut Extension, and installation of the foundations, structures, hardware and conductor. Concrete pours continue into early December 2013. The primary crusher, MSE wall, overland conveyor and coarse ore reclaim tunnel are to be installed this year. Construction continues on the site electrical substation, reagent building and booster pump house. On November 5 the roof and virtually all the cladding on the process plant were in place, providing a covered area for trades to work inside through the winter. The North Starter Dam earthworks are ongoing in the TIA.

Sterling mining operations focus on delivering more ounces to the heap to meet the goal of producing 10,000 ounces gold this year.

The Ruddock Creek camp has been closed for the forthcoming winter period.

FINANCING

Based on current plans and assumptions, the Company expects to have sufficient cash resources to support its normal operating requirements on an ongoing basis. The Company expects to continue to utilize its existing credit facilities to manage its day to day financing needs. The Company will need to secure further debt financing in 2013 or the first quarter of 2014 to fund construction costs for the Red Chris project.

ACQUISITIONS

Management continues to evaluate potential acquisitions.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	Notes	September 30 2013	December 31 2012 Note 28	January 1 2012 Note 28
ASSETS				
Current Assets				
Cash		$4,943	$2,800	$6,072
Marketable securities		1,217	1,557	703
Trade and other receivables	3	15,959	29,930	18,503
Inventory	4	29,205	26,755	31,778
Derivative instrument assets	12	788	701	2,666
Prepaid expenses and deposits		1,157	2,140	1,503
		53,269	63,883	61,225
Derivative Instrument Assets	12	-	549	-
Investment in Huckleberry Mines Ltd.	5	87,667	83,799	78,282
Mineral Properties	6	709,725	442,404	307,504
Deferred Income Taxes		631	1,693	4,329
Other Assets	7	8,670	8,020	6,415
		$859,962	$600,348	$457,755
LIABILITIES				
Current Liabilities				
Trade and other payables	8	$80,743	$37,946	$21,420
Taxes payable		6,840	5,050	2,441
Short term debt	9	130,611	92,403	26,940
Derivative instrument liabilities	12	475	614	99
Current portion of non-current debt	10	6,243	1,908	1,081
Current portion of future site reclamation provisions	11	100	400	645
		225,012	138,321	52,626
Derivative Instrument Liabilities	12	-	465	-
Non-Current Debt	10	129,033	6,433	531
Future Site Reclamation Provisions	11	13,197	11,997	8,567
Deferred Income Taxes		85,065	72,183	61,545
		452,307	229,399	123,269
EQUITY				
Share Capital	13	119,155	116,892	114,563
Share Option Reserve		15,163	14,547	12,474
Currency Translation Adjustment		107	(837)	(272)
Retained Earnings		273,230	240,347	207,721
		407,655	370,949	334,486
		$859,962	$600,348	$457,755

Commitments and Pledges	25
Contingent Liabilities	26
Subsequent Events	27

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on November 12, 2013

(signed) "Larry G. Moeller" (signed) "J. Brian Kynoch"

Larry G. Moeller
Director

J. Brian Kynoch
Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Three and Nine Months Ended September 30, 2013 and 2012
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share and per share amounts

		Third Quarter		Year to Date	
		Three Months Ended September 30		Nine Months Ended September 30	
		2013	2012	2013	2012
	Notes		Note 28		Note 28
Revenue		$51,668	$29,682	$143,851	$140,826
Cost of Sales	14	(26,474)	(18,538)	(91,839)	(102,613)
Income from Mine Operations		25,194	11,144	52,012	38,213
General and Administration	15	(1,906)	(2,424)	(5,535)	(6,677)
Finance Costs	16	(94)	(1,775)	(472)	(3,109)
Other Income (Expenses)		(2)	(2)	48	80
Equity Income (Loss) in Huckleberry	5	(345)	564	3,868	3,813
Income before Taxes		22,847	7,507	49,921	32,320
Income and Mining Taxes	17	(8,126)	(3,164)	(17,038)	(11,412)
Net Income		14,721	4,343	32,883	20,908
Other Comprehensive Income					
Items that may be subsequently reclassified to profit or loss					
Foreign currency translation adjustment		(693)	(997)	944	(875)
Total Comprehensive Income		$14,028	$3,346	$33,827	$20,033
Income Per Share					
Basic	18	$0.20	$0.06	$0.44	$0.28
Diluted	18	$0.20	$0.06	$0.44	$0.28
Weighted Average Number of Common Shares Outstanding					
Basic	18	74,495,004	74,298,185	74,413,893	74,253,218
Diluted	18	75,261,658	75,092,210	75,293,337	75,481,643

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share amounts

	Share Capital			Currency		
	Number of Shares	Amount	Share Option Reserve	Translation Adjustment	Retained Earnings	Total
Balance December 31, 2011	74,084,150	$114,563	$12,474	$(272)	$207,721	$334,486
Issued on exercise of options	216,600	2,164	(813)	-	-	1,351
Share based compensation expense	-	-	2,385	-	-	2,385
Total comprehensive income	-	-	-	(875)	20,908	20,033
Balance September 30, 2012	74,300,750	$116,727	$14,046	$(1,147)	$228,629	$358,255
Balance December 31, 2012	74,319,750	$116,892	$14,547	$(837)	$240,347	$370,949
Issued on exercise of options	212,768	2,263	(783)	-	-	1,480
Share based compensation expense	-	-	1,399	-	-	1,399
Total comprehensive income	-	-	-	944	32,883	33,827
Balance September 30, 2013	74,532,518	$119,155	$15,163	$107	$273,230	$407,655

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the Three and Nine Months Ended September 30, 2013 and 2012
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share and per share amounts

	Notes	Third Quarter Three Months Ended September 30 2013	2012 Note 28	Year to Date Nine Months Ended September 30 2013	2012 Note 28
OPERATING ACTIVITIES					
Income before taxes		$22,847	$7,507	$49,921	$32,320
Items not affecting cash flows					
Equity (income) loss in Huckleberry		345	(564)	(3,868)	(3,813)
Depletion and depreciation		4,410	2,059	12,845	11,058
Share based compensation		409	802	1,399	2,385
Accretion of future site reclamation provisions		82	75	220	224
Unrealized foreign exchange loss (gain)		(688)	(250)	425	(259)
Unrealized losses (gains) on derivative instruments		1,422	2,120	(141)	3,652
Other		(188)	(241)	325	(339)
		28,639	11,508	61,126	45,228
Net change in non-cash operating working capital balances	19	(14,088)	12,518	10,999	(5,813)
Income and mining taxes paid		(796)	(866)	(3,256)	(1,951)
Income and mining taxes received		-	-	2,179	-
Interest paid		(3,148)	(506)	(5,556)	(1,203)
Cash provided by operating activities		10,607	22,654	65,492	36,261
FINANCING ACTIVITIES					
Proceeds from short term debt	9	68,588	81,319	396,057	223,080
Repayment of short term debt	9	(73,201)	(63,772)	(358,030)	(191,110)
Proceeds from non-current debt	10	100,439	-	120,439	-
Repayment of non-current debt	10	(11,555)	(528)	(13,055)	(1,106)
Issue of share capital		919	18	1,480	1,351
Cash provided by financing activities		85,190	17,037	146,891	32,215
INVESTING ACTIVITIES					
Acquisition and development of mineral properties		(130,638)	(37,248)	(254,964)	(84,155)
Net change in non-cash investing working capital balances	19	34,061	(5,746)	45,246	11,647
(Increase) decrease in future site reclamation deposits		(29)	297	(120)	(980)
Other		(474)	(183)	(427)	(440)
Cash used in investing activities		(97,080)	(42,880)	(210,265)	(73,928)
EFFECT OF FOREIGN EXCHANGE ON CASH		(43)	(152)	25	(390)
INCREASE (DECREASE) IN CASH		(1,326)	(3,341)	2,143	(5,842)
CASH, BEGINNING OF PERIOD		6,269	3,571	2,800	6,072
CASH, END OF PERIOD		$4,943	$230	$4,943	$230

See Note 19 for supplemental cash flow information.

See accompanying notes to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2013 and 2012
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share and per share amounts

1. NATURE OF OPERATIONS AND LIQUIDITY

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

The Company's key properties are:

- development stage Red Chris copper/gold property in northwest British Columbia.
- open pit copper/gold producing Mount Polley mine in central British Columbia;
- open pit copper/molybdenum producing Huckleberry mine in northern British Columbia;
- underground gold producing Sterling mine in southwest Nevada.

At September 30, 2013, the Company had cash of $4,943 and a working capital deficiency of $171,743. These condensed consolidated interim 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 planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans.

At September 30, 2013, the Company had outstanding commitments of $69,457 primarily relating to the construction of the Red Chris project, with commitments of $30,007 for the remainder of fiscal year 2013 and $39,450 for fiscal year 2014. At September 30, 2013, long term debt facilities totalling $44,724 were available to be drawn to finance capital additions for Red Chris. The Company's short term bank facility of $150,000 is due on demand and matures on December 31, 2013.

The Company's $130,000 line of credit facility is due on January 1, 2015, of which $105,000 was drawn as of September 30, 2013. In November 2013 the line of credit facility was increased from a maximum amount of $130,000 to a maximum amount of $200,000. The increase in the line of credit facility will be used to provide the Company with additional resources for construction of the Red Chris project and for general working capital purposes. At September 30, 2013, the Company had utilized $146,661 of the $150,000 short term bank facility and $105,000 of the $130,000 line of credit facility. In addition, long term financing of US$19,090 was undrawn at September 30, 2013 and was fully utilized in October 2013 to pay for mobile equipment purchased in the September 30, 2013 quarter.

The Company is targeting to conclude arrangements for the Red Chris project before the end of fiscal 2013 or the first quarter of 2014. However, there can be no assurance that financing will be available on terms acceptable to the Company or at all.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2013 and 2012
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except for share and per share amounts

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance with International Financial Reporting Standards ("IFRS")

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2012, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board which are applicable from January 1, 2013. The adoption of these amendments and standards has not had a material impact on the accounting policies, methods of computation or presentation applied by the Company, with the exception of IFRS11 *Joint Arrangements* for which its effects of adoption are included in Note 28.

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2012 prepared in accordance with IFRS.

The preparation of interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses.

Actual results may differ from these estimates. The significant accounting judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2012.

Changes in Accounting Standards

Accounting Standards Issued and Effective January 1, 2013

The Company has adopted these accounting standards effective January 1, 2013. Other than the adoption of IFRS11 (Note 28) the adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 7 *Financial Instruments Disclosures*
IFRS 10 *Consolidated Financial Statements*
IFRS11 *Joint Arrangements*
IFRS 12 *Disclosure of Involvement with Other Entities*
IFRS 13 *Fair Value Measurement*
IAS 1 *Presentation of Financial Statements*
IAS 19 *Employee Benefits*
IAS 27 *Separate Financial Statements*
IAS 28 *Investments in Associates and Joint Ventures*
IFRIC 20 *Stripping Costs in the Production Phase of a Mine*

Joint Arrangements

The Company adopted IFRS11 *Joint Arrangements* effective January 1, 2013. This standard replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The standard is applicable to all entities that have an interest in arrangements that are jointly controlled. In accordance with the transition requirements, interests, previously defined as jointly controlled entities that were proportionately consolidated, are re-measured using the carrying amount of the assets and liabilities at the beginning of the immediately preceding period, that is, January 1, 2012, in order to arrive at the initial equity investment. The Company has two types of joint arrangements:

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.

Judgments and Estimates

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

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

The Company has determined that joint control of Huckleberry Mines Ltd. exists as all decisions related to relevant activities require unanimous approval of the board of directors. The Company deems the following relevant activities to be material:

- capital expenditures;
- disposition of assets;
- approval of borrowings;
- approval of the annual and five year plan; and
- loans or guarantees.

In concluding that Huckleberry Mines Ltd. is a joint venture, the Company determined that:

- it is an incorporated company which is a separate vehicle;
- the legal form of the vehicle does not provide the Company with rights to its assets and obligations;
- there are no terms in the shareholder agreement or similar contractual arrangements which provide the Company with rights to its assets and obligations for its liabilities; and
- that other facts and circumstances indicate that Huckleberry Mines Ltd. is not reliant on the Company as its only source of cash flows and therefore does not directly or indirectly have rights to the assets and obligations for its liabilities.

The Company has determined that the Ruddock Creek Joint Venture and the Porcher Island Joint Venture represent joint operations as they are unincorporated entities.

Accounting Standards Issued and Effective January 1, 2014 or later

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 9 *Financial Instruments* replaces the current standard *IAS 39 Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities. The International Accounting Standards Board ("IASB") recently suspended the originally planned effective date of January 1, 2015 and at present the new effective date has not been determined.

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3. TRADE AND OTHER RECEIVABLES

	September 30 2013	December 31 2012 Note 28	January 1 2012 Note 28
Trade receivables	$15,719	$29,010	$17,601
Taxes receivable	240	920	902
	$15,959	$29,930	$18,503

4. INVENTORY

	September 30 2013	December 31 2012 Note 28	January 1 2012 Note 28
Stockpile ore	$1,363	$1,735	$1,125
Stockpiles and ore under leach	4,626	-	471
Concentrate	10,954	13,824	19,107
Supplies	12,262	11,196	11,075
	$29,205	$26,755	$31,778

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Inventory recognized as expense during the period	$18,998	$14,674	$70,089	$83,173

As at September 30, 2013, the Company had $24,344 (December 31, 2012 - $28,026; January 1, 2012-$28,310) inventory pledged as security for short term debt.

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5. INVESTMENT IN HUCKLEBERRY MINES LTD.

The Huckleberry open pit copper/molybdenum mine is located 88 kilometres south-southwest of Houston in west central British Columbia. The Huckleberry property consists of a mining lease covering 1,912 hectares and 38 mineral claims encompassing approximately 16,594 hectares.

The Company has a 50% interest in Huckleberry Mines Ltd. ("Huckleberry") and has determined the joint arrangement qualifies as a joint venture which is accounted for using the equity method.

	As at September 30 2013	As at December 31 2012 Note 28
Balance, beginning of period	$83,799	$78,282
Equity income for the period	3,868	5,517
Balance, end of period	$87,667	$83,799

Summarized financial information for Huckleberry is as follows [(1)]:

Statement of Financial Position [stated 100% - Imperial's equity share is 50%]	September 30 2013	December 31 2012	January 1 2012
ASSETS			
Current Assets			
Cash	$26,955	$19,128	$56,802
Short term investments	15,000	50,000	55,000
Other current assets	34,216	39,758	38,132
	76,171	108,886	149,934
Mineral Properties	152,482	112,164	38,972
Other Non-Current Assets	16,968	13,852	24,906
	$245,621	$234,902	$213,812
LIABILITIES			
Current Liabilities			
Trade and other payables	$15,185	$16,692	$12,906
Other current liabilities	12,162	1,032	1,228
	27,347	17,724	14,134
Derivative Instrument Liabilities	-	342	532
Future Site Reclamation Provisions	38,487	44,714	42,582
Other Non-Current Liabilities	4,453	4,524	-
	70,287	67,304	57,248
EQUITY			
Share Capital	57,596	57,596	57,596
Retained Earnings	117,738	110,002	98,968
	175,334	167,598	156,564
	$245,621	$234,902	$213,812

(1) Certain of the financial information of Huckleberry disclosed above has been reclassified to be consistent with the classifications used by the Company. In addition, the Company's equity share of earnings of Huckleberry includes certain adjustments to ensure consistency of accounting policies with those of the Company. These adjustments are reflected in the above figures.

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5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

Statement of Income and Comprehensive Income and Retained Earnings
[stated 100% - Imperial's equity share is 50%]

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012 Note 28	2013	2012 Note 28
Revenue	$21,117	$39,234	$93,777	$99,986
Cost of Sales	(12,984)	(31,070)	(76,491)	(77,476)
Income from Mine Operations	8,133	8,164	17,286	22,510
General and Administration	(1,471)	(1,078)	510	(1,100)
Finance Costs	(2,688)	(4,548)	(2,073)	(8,474)
Income before Taxes	3,974	2,538	15,723	12,936
Income and Mining Taxes	(4,665)	(1,410)	(7,988)	(5,310)
Net Income (Loss) and Comprehensive Income (Loss)	$(691)	$1,128	$7,735	$7,626

Statement of Cash Flows
[stated 100% - Imperial's equity share is 50%]

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012 Note 28	2013	2012 Note 28
OPERATING ACTIVITIES				
Net income before taxes	$3,974	$2,538	$15,723	$12,936
Items not affecting cash flows				
Depletion and depreciation	1,980	3,970	13,989	8,112
Unrealized foreign exchange (gain) loss	(251)	590	(57)	497
Unrealized losses on derivative instruments	2,324	3,994	128	6,731
Other	(181)	(968)	301	(198)
	7,846	10,124	30,084	28,078
Net change in non-cash operating working capital balances	(11,786)	9,280	6,101	7,457
Income and mining taxes paid	(378)	(250)	(1,150)	(750)
Income and mining taxes received	665	-	3,268	1,156
Interest paid	-	(2)	-	(76)
Cash provided by (used in) operating activities	(3,653)	19,152	38,303	35,865
INVESTING ACTIVITIES				
Sale of short term investments	35,000	-	35,000	5,000
Acquisition and development of mineral properties	(20,293)	(32,067)	(60,839)	(68,491)
Net change in non-cash financing working capital balances	(8,960)	3,540	(5,656)	6,810
Other	798	(219)	962	4,347
Cash (used in) provided by investing activities	6,545	(28,746)	(30,533)	(52,334)
EFFECT OF FOREIGN EXCHANGE ON CASH	251	(590)	57	(497)
INCREASE (DECREASE) IN CASH	3,143	(10,184)	7,827	(16,966)
CASH, BEGINNING OF PERIOD	23,812	50,024	19,128	56,806
CASH, END OF PERIOD	$26,955	$39,840	$26,955	$39,840

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

5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

(a) Mineral Properties

	Cost	Accumulated Depletion, Depreciation and Impairment Losses	Net Carrying Amount
Balance January 1, 2012	$330,546	$291,574	$38,972
Additions	91,216	-	91,216
Depletion & Depreciation	-	15,788	(15,788)
Disposals	(3,300)	(1,064)	(2,236)
Balance December 31, 2012	$418,462	$306,298	$112,164
Balance December 31, 2012	$418,462	$306,298	$112,164
Additions	57,937	-	57,937
Depletion & Depreciation	-	17,619	(17,619)
Balance September 30, 2013	$476,399	$323,917	$152,482

Refer to notes 5(c) and (f) for pledged assets and contractual commitments.

(b) Derivative Instruments

Security deposits required to be paid by Huckleberry to counterparties are calculated based on the fair value of the derivative instrument on each trading date, net of the credit facility provided by the counterparties. At September 30, 2013, security deposits totalled $nil (December 31, 2012-$nil; September 30, 2012-$nil; January 1, 2012-$1,018).

Option contracts outstanding at September 30, 2013 for copper are as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
Contract Period	*US$/lb*	*US$/lb*	*lbs of copper*	*lbs of copper*
2013	$3.34	$4.36	3,307,000	3,307,000
2014	$3.30	$4.33	2,866,000	2,866,000

The Company will receive/pay the counterparty the difference between the monthly average cash settlement price of copper on the London Metals Exchange and the copper price specified in the put/call option contract.

From October 1 to November 12, 2013 Huckleberry purchased put options and sold call options as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased (Sold)	Call Options Sold (Purchased)
Contract Period	*US$/lb*	*US$/lb*	*lbs of copper*	*lbs of copper*
2013	$3.40	$4.36	(1,102,000)	(1,102,000)
2014	$3.30	$3.49	1,102,000	1,102,000

From October 1 to November 12, 2013 Huckleberry entered into forward sales contracts for copper as follows:

	Price US$/lb	Forward Sales
Contract Period		*lbs of copper*
2013	$3.31	1,543,000

The Company will receive/pay the counterparty the difference between the monthly average cash settlement price of copper on the London Metals Exchange and the forward copper price specified in the contract.

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5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

(c) Pledged Assets

At September 30, 2013, Huckleberry had pledged cash deposits of $12,165 (December 31, 2012-$12,166; September 30, 2012-$12,165; January 1, 2012-$12,228) included in other assets and certain mining equipment with a net book value of $11,467 (December 31, 2012-$10,904; September 30, 2012-$nil; January 1, 2012-$nil) as security for future site reclamation obligations.

(d) Future Site Reclamation Provisions

Changes to the future site reclamation provisions are as follows:

	Nine Months Ended September 30 2013	Year Ended December 31 2012 Note 28
Balance, beginning of period	$45,260	$42,982
Accretion	1,144	1,612
Costs incurred during the period	(844)	(332)
Change in estimates of future costs	(5,863)	998
Balance, end of period	39,697	45,260
Less portion due within one year	(1,210)	(546)
	$38,487	$44,714

(e) Reclamation Bonding Obligations

Huckleberry is obligated to increase its reclamation bond funding as follows:

2013	$ -
2014	18,000
2015	6,000
2016	5,000
	$29,000

(f) Commitments

As at September 30, 2013, Huckleberry is committed to future minimum operating lease payments as follows:

2013	$33
2014	90
2015	77
2016	77
2017	7
	$284

As at September 30, 2013, Huckleberry had contractual commitments to purchase plant and equipment at a cost of $3,020.

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6. MINERAL PROPERTIES

		Mineral Properties not being depleted				
Cost	Mineral Properties being depleted	Projects not in Production	Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total Note 28
Balance as at January 1, 2012	$126,181	$139,227	$37,070	$196,323	$5,464	$504,265
Additions	2,191	9,584	3,739	27,480	107,889	150,883
Reclassifications	10,043	(10,043)	-	-	-	-
Disposals	-	-	(10)	(4,769)	-	(4,779)
Foreign exchange movement	(141)	-	(448)	(76)	-	(665)
Balance as at December 31, 2012	$138,274	$138,768	$40,351	$218,958	$113,353	$649,704
Balance as at December 31, 2012	$138,274	$138,768	$40,351	$218,958	$113,353	$649,704
Additions	18,661	10,632	2,181	53,689	196,774	281,937
Reclassifications	33,270	(9,533)	(23,737)	-	-	-
Disposals	-	-	(45)	(1,293)	-	(1,338)
Foreign exchange movement	223	-	756	197	-	1,176
Balance as at September 30, 2013	$190,428	$139,867	$19,506	$271,551	$310,127	$931,479

		Mineral Properties not being depleted				
Accumulated depletion & depreciation & impairment losses	Mineral Properties being depleted	Projects not in Production	Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total Note 28
Balance as at January 1, 2012	$80,562	$ -	$1,649	$114,550	$ -	$196,761
Depletion & depreciation	5,644	-	-	9,773	-	15,417
Disposals	-	-	(4)	(4,726)	-	(4,730)
Foreign exchange movement	(114)	-	-	(34)	-	(148)
Balance as at December 31, 2012	$86,092	$ -	$1,645	$119,563	$ -	$207,300
Balance as at December 31, 2012	$86,092	$ -	$1,645	$119,563	$ -	$207,300
Depletion & depreciation	6,406	-	-	9,110	-	15,516
Disposals	-	-	-	(1,290)	-	(1,290)
Foreign exchange movement	174	-	-	54	-	228
Balance as at September 30, 2013	$92,672	$ -	$1,645	$127,437	$ -	$221,754
Carrying Amount						
Balance as at January 1, 2012	$45,619	$139,227	$35,421	$81,773	$5,464	$307,504
Balance as at December 31, 2012	$52,182	$138,768	$38,706	$99,395	$113,353	$442,404
Balance as at September 30, 2013	$97,756	$139,867	$17,861	$144,114	$310,127	$709,725

At September 30, 2013, the Company has contractual commitments for the acquisition of property, plant and equipment totalling $69,457. At September 30, 2013, assets with a fair value of $8,730 (September 30, 2012-$8,527; January 1, 2012-$7,609) are legally restricted for the purposes of settling future site reclamation provisions.

During the three and nine months ended September 30, 2013, the Company capitalized borrowing costs of $3,144 and $5,534 (2012-$390 three months; $875 nine months) respectively, related to the Red Chris project into construction in progress at a weighted average borrowing rate of 3.84% (2012-3.41%).

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Mount Polley

The Company owns 100% of the Mount Polley open pit copper/gold mine located 56 kilometres northeast of Williams Lake in central British Columbia. The Mount Polley property covers 18,774.25 hectares, which consists of seven mining leases totalling 2,006.75 hectares, and 42 mineral claims encompassing 16,767.5 hectares.

Red Chris

The Company owns 100% of the Red Chris copper/gold deposit situated 18 kilometres southeast of the village of Iskut in northwest British Columbia. The Red Chris property covers a total area of 29,153.05 hectares and is comprised of five 30 year mining leases covering 5,141 hectares and 82 mineral claims encompassing 24,012.05 hectares. In May 2012 the Province of British Columbia issued a Mines Act permit for the Red Chris project. The development of the Red Chris project into a mine will coincide with the construction of a power line to service the northwest portion of British Columbia, now underway. All or portions of four mining leases and 19 mineral claims on the main property are subject to a 1.0% net smelter return royalty payable on production. The 27 mineral tenures that comprise the Red Chris South property are subject to a 1.5% net smelter return royalty which may be reduced to 0.5% NSR upon payment of $1,000.

Sterling

The Company owns 100% of the Sterling gold mine near Beatty, Nevada. The Sterling mine operated as both an underground and open pit mine from 1980 to suspension of mining operations in 1997. Certain parts of the Sterling property have been reclaimed. The main Sterling property consists of 272 lode mining claims plus one water well site. Net smelter royalties of 2.25% are payable on production with minimum advance royalties on a small portion of these claims.

Ruddock Creek

The Company owns 50% of the Ruddock Creek zinc/lead deposit located approximately 155 kilometres northeast of Kamloops in south central British Columbia. The Ruddock Creek property consists of 23 mineral claims totalling 11,047 hectares. A net smelter royalty of 1% is payable on production. During 2012 Itochu Corporation and Mitsui Mining and Smelting Co. Ltd. completed the earn-in on the property pursuant to a Memorandum of Understanding signed in July 2010 whereby they had the option to earn a 50% interest in the property by providing $20,000 in exploration and development funding on or before March 31, 2013. The Ruddock Creek property and certain related assets and liabilities form the Ruddock Creek Joint Venture owned by the Company, Itochu Corporation and Mitsui Mining and Smelting Co. Ltd. (Note 20).

Other Exploration Properties

The Company has interests in various other early stage exploration properties located primarily in Canada. These properties have been acquired primarily by staking and the cost to maintain ownership of these properties is not significant.

7. OTHER ASSETS

	September 30 2013	December 31 2012 Note 28	January 1 2012 Note 28
Future site reclamation deposits	$7,359	$7,147	$6,238
Other	1,311	873	177
	$8,670	$8,020	$6,415

8. TRADE AND OTHER PAYABLES

	September 30 2013	December 31 2012 Note 28	January 1 2012 Note 28
Trade payables	$46,370	$26,737	$11,300
Accrued liabilities	34,373	11,209	10,120
	$80,743	$37,946	$21,420

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9. SHORT TERM DEBT

Amounts due for short term debt facilities are:	September 30 2013	December 31 2012 Note 28	January 1 2012 Note 28
Bank loan facilities aggregating $150,000 (December 31, 2012 - $150,000, January 1, 2012 -$75,000) secured by trade and other receivables, inventory, shares of certain subsidiaries and a floating charge on certain assets of the Company. The loan amount in excess of $75,000 is guaranteed by a related party (Note 21). The facility is due on demand and matures on December 31, 2013. A portion of the facility has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 25(b)).			
(i) Bankers Acceptances with a maturity value of $120,000 (December 31, 2012-$75,000; January 1, 2012-$27,000)	$119,950	$74,846	$26,940
(ii) Bank loan	151	11,519	-
(iii) Cheques issued in excess of funds on deposit to be funded from the loan facility	10,510	6,038	-
	$130,611	$92,403	$26,940

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

	Nine Months Ended September 30 2013	Year Ended December 31 2012 Note 28
Balance, beginning of period	$92,403	$26,940
Amounts advanced	396,057	363,595
Amounts repaid	(358,030)	(298,173)
Foreign exchange losses	181	41
Balance, end of period	$130,611	$92,403

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10. NON-CURRENT DEBT

The movement of the amounts due for non-current debt are:

	Nine Months Ended September 30 2013	Year Ended December 31 2012 Note 28
Balance, beginning of period	$8,341	$1,612
Amounts advanced	139,709	8,620
Foreign exchange loss (gain)	281	(224)
Amounts repaid	(13,055)	(1,667)
Balance, end of period	135,276	8,341
Less portion due within one year	(6,243)	(1,908)
	$129,033	$6,433

During the nine months ended September 30, 2013 the Company:

(a) financed certain Red Chris property, plant and equipment with a US$10,863 term loan repayable over five years at a fixed interest rate of 3.42% with monthly payments, inclusive of interest, of US$197, secured by the financed assets;

(b) financed certain mobile mining equipment at the Mount Polley mine with a US$13,173 term loan repayable over five years at a fixed interest rate of 2.50% with monthly payments, inclusive of interest, of US$234, secured by the financed equipment;

(c) arranged a line of credit facility from a related party (Notes 21 and 27(b)) aggregating $130,000 (December 31, 2012-$nil; January 1, 2012-$nil) unsecured and due on January 1, 2015 with interest payable monthly at 7% per annum. $105,000 was drawn at September 30, 2013 (December 31, 2012 $nil; January 1, 2012 $nil)

11. FUTURE SITE RECLAMATION PROVISIONS

Changes to the future site reclamation provisions are as follows:

	Nine Months Ended September 30 2013	Year Ended December 31 2012 Note 28
Balance, beginning of period	$12,397	$9,212
Accretion	220	292
Costs incurred during the period	(4)	(145)
Change in estimates of future costs and effect of translation of foreign currencies	684	3,038
Balance, end of period	13,297	12,397
Less portion due within one year	(100)	(400)
	$13,197	$11,997

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12. DERIVATIVE INSTRUMENTS

From time to time, the Company purchases put options, sells call options, and enters into forward sales contracts to manage its exposure to changes in copper prices.

All of the Company's derivative instrument contracts are settled on a financial basis. No physical sale or transfer of copper will take place pursuant to the contracts.

At September 30, 2013, the Company had entered into various contracts to protect the cash flow from Mount Polley against a decline in the price of copper. These contracts do not qualify for hedge accounting and therefore the Company accounts for these contracts as derivative instruments and records changes in the unrealized gains or losses on these contracts through profit and loss each period and records the fair value of these derivative instruments as an asset or liability at each reporting date. The fair value of these financial instruments has been recorded as either an asset or a liability as of September 30, 2013 depending on the attributes of the contracts.

Option contracts outstanding at September 30, 2013 for copper are as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
	US$/lb	*US$/lb*	*lbs of copper*	*lbs of copper*
Contract Period				
2013	$3.00	$4.47	3,803,000	3,803,000
2014	$3.00	$4.26	3,803,000	3,803,000

Option contracts outstanding at September 30, 2013 for gold are as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
	US$/oz	*US$/oz*	*ounces of gold*	*ounces of gold*
Contract Period				
2013	$1,242	$1,436	9,000	9,000
2014	$1,232	$1,440	11,000	11,000

The Company will receive/pay the counterparty the difference between the monthly average cash settlement price of copper on the London Metals Exchange and the copper price specified in the put/call option contract.

From October 1 to November 12, 2013 the Company entered into option contracts for copper as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
	US$/lb	*US$/lb*	*lbs of copper*	*lbs of copper*
Contract Period				
2013	$2.90	$3.51	3,086,000	3,086,000
2014	$2.90	$3.55	15,212,000	15,212,000

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From October 1 to November 12, 2013 the Company entered into option contracts for gold as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
	US$/oz	*US$/oz*	*ounces of gold*	*ounces of gold*
Contract Period				
2014	$1,250	$1,400	18,000	18,000

The Company will receive/pay the counterparty the difference between the monthly average p.m. gold fix on the London Metals Exchange and the gold price specified in the put/call option contract.

13. SHARE CAPITAL

(a) Share Capital

Authorized
50,000,000 First Preferred shares without par value with special rights and restrictions to be determined by the directors (outstanding – nil)
50,000,000 Second Preferred shares without par value with rights and restrictions to be determined by the directors (outstanding – nil)
Unlimited number of Common Shares without par value

(b) Share Option Plan

The changes in share options were as follows:

	Nine Months Ended September 30, 2013		Year Ended December 31, 2012	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	3,014,968	$8.13	3,354,234	$8.11
Exercised	(212,768)	$6.96	(235,600)	$6.18
Forfeited	(76,000)	$9.38	(66,000)	$8.95
Expired	-	-	(37,666)	$17.10
Outstanding at end of period	2,726,200	$8.19	3,014,968	$8.13
Options exercisable at end of period	1,830,200	$6.75	1,700,968	$7.17

The following table summarizes information about the Company's share options outstanding at September 30, 2013:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding and Exercisable	Remaining Contractual Life in Years
$4.41	1,035,800	5.25	1,035,800	5.25
$5.93	228,400	6.25	160,400	6.25
$6.63	10,000	0.25	10,000	0.25
$7.15	100,000	0.25	100,000	0.25
$11.55	1,352,000	7.04	524,000	7.04
	2,726,200	6.02	1,830,200	5.55

Refer to Notes 12(b)(c) of the audited consolidated financial statements for the year ended December 31, 2012 for further details of the Company's Share Options Plans and Normal Course Issuer Bid.

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14. COST OF SALES

	Three Months Ended		Nine Months Ended	
	2013	2012 Note 28	2013	2012 Note 28
Operating expenses	$14,336	$11,537	$52,827	$62,624
Salaries, wages and benefits	7,725	4,921	26,146	28,860
Depletion and depreciation	4,385	2,021	12,763	10,954
Share based compensation	28	59	103	175
	$26,474	$18,538	$91,839	$102,613

15. GENERAL AND ADMINISTRATION COSTS

	Three Months Ended		Nine Months Ended	
	2013	2012 Note 28	2013	2012 Note 28
Administration	$1,273	$1,087	$4,062	$3,582
Share based compensation	381	743	1,296	2,210
Depreciation	25	38	82	104
Foreign exchange loss	227	556	95	781
	$1,906	$2,424	$5,535	$6,677

16. FINANCE COSTS

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Accretion of future site reclamation provisions	$(82)	$(75)	$(220)	$(224)
Interest on non-current debt	-	(66)	-	(99)
Other interest expense	(6)	(65)	(35)	(242)
Financing fees	375	-	-	-
Foreign exchange gain (loss) on current debt	45	26	(181)	294
Foreign exchange gain (loss) on non-current debt	582	312	(281)	314
Fair value adjustment to marketable securities	194	119	(343)	139
Realized gains on derivative instruments	-	76	-	231
Unrealized (losses) gains on derivative instruments	(1,423)	(2,120)	141	(3,652)
	(315)	(1,793)	(919)	(3,239)
Interest income	221	18	447	130
Finance costs	$(94)	$(1,775)	$(472)	$(3,109)

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17. INCOME AND MINING TAXES

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Current income and mining tax expense	$1,169	$824	$3,093	$5,781
Deferred income and mining taxes	6,957	2,340	13,945	5,631
	$8,126	$3,164	$17,038	$11,412

18. INCOME PER SHARE

The following table sets out the computation of basic and diluted net income per common share:

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Numerator:				
Net Income	$14,721	$4,343	$32,883	$20,908
Denominator:				
Basic weighted-average number of common shares outstanding	74,495,004	74,298,185	74,413,893	74,253,218
Effect of dilutive securities:				
Stock options	766,654	794,025	879,444	1,228,425
Diluted weighted-average number of common shares outstanding	75,261,658	75,092,210	75,293,337	75,481,643
Basic net income per common share	$0.20	$0.06	$0.44	$0.28
Diluted net income per common share	$0.20	$0.06	$0.44	$0.28

Excluded from the calculation of diluted net income per common share for the three and nine months ended September 30, 2013 were 1,352,000 shares and nil shares (September 30, 2012–nil shares and 1,368,000 shares), respectively, related to stock options which are anti-dilutive.

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19. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash operating working capital balances:

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Trade and other receivables	$(2,443)	$20,897	$13,289	$(7,316)
Inventory	(5,080)	(10,176)	(810)	(585)
Derivative instrument assets	-	(369)	-	-
Prepaid expenses and deposits	86	437	983	732
Trade and other payables	(6,651)	1,188	(2,463)	1,338
Derivative instrument liabilities	-	541	-	18
	$(14,088)	$12,518	$10,999	$(5,813)

(b) Net change in non-cash investing working capital balances:

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Trade and other payables	$34,061	$(5,746)	$45,246	$11,647

(c) Supplemental information on non-cash financing and investing activities:

During the three and nine months ended September 30, 2013 the Company purchased certain property, plant and equipment at a cost of $4,108 and $19,270 respectively, which was financed by long term debt (Note 10).

During the three and nine months ended September 30, 2012 the Company purchased certain property, plant and equipment at a cost of $8,619 and $8,619 respectively, which was financed by long term debt (Note 10).

During the three and nine months ended September 30, 2013 the Company received marketable securities with a fair value of $nil and $3 respectively, as an option payment on a mineral property.

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

20. JOINT OPERATIONS

Included in the consolidated financial statements are the following amounts representing the Company's interests in joint ventures consisting primarily of a 50% (2012-50%) joint venture interest in the Ruddock Creek Joint Venture (Note 6) assets, liabilities and results of operations and a 35% interest (2012-35%) in the Porcher Island Joint Venture:

Statements of Financial Position	September 30 2013	December 31 2012 Note 28	January 1 2012 Note 28
Current Assets			
Cash	$90	$45	$ -
Other current assets	12	227	-
	102	272	-
Mineral properties	12,374	11,816	12,013
Other non-current assets	45	25	50
	12,521	12,113	12,063
Current Liabilities			
Trade and other payables	(279)	(170)	-
Non-current future site reclamation provisions	(305)	(299)	(500)
	$11,937	$11,644	$11,563

Statements of Cash Flows	Nine Months Ended September 30 2013	2012 Note 28
Cash provided by financing activities	$667	$3,000
Cash used in investing activities	(622)	(1,742)
Increase in cash	$45	$1,258

The Company's interest in the Ruddock Creek mineral property was reduced to 50% during the year ended December 31, 2012 upon formation of the Ruddock Creek Joint Venture as described further in Note 6. There have been no operations since inception of the Ruddock Creek Joint Venture as the joint operations is currently in the exploration stage.

There have been no operations since the inception of the Porcher Island Joint Venture as the joint operation is currently in the exploration stage.

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21. RELATED PARTY TRANSACTIONS

Related party transactions and balances with a company controlled by a significant shareholder and a company in which a director is an owner are as follows:

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Cost of sales	$ -	$ -	$ -	$ 6
Loan guarantee fee (Note 9)	$119	$ -	$353	$ -
Financing fees	$275	$ -	$650	$ -
Interest expense	$1,056	$ -	$1,139	$ -
Non-current debt (Note 10(c))	$105,000	$ -	$105,000	$ -

The Company incurred the above transactions and balances in the normal course of operations. Expenses have been measured at the fair value which is determined on a cost recovery basis.

22. COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The remuneration of the Company's directors and other key management personnel during the three and six months ended June 30, 2013 and 2012 are as follows:

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Short term benefits(1)	$321	$320	$979	$935
Share based payments (2)	$ -	$ -	$ -	$ -

(1) Short term employee benefits include salaries, bonuses payable within six months of the Statement of Financial Position date and other annual employee benefits. Directors and other key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three and nine months ended September 30, 2013 and 2012.

(2) Share-based payments are the fair value of options granted to directors and other key management personnel.

23. REPORTABLE OPERATING SEGMENTED INFORMATION

The Company operates primarily in Canada. Except for assets, comprised primarily of the Sterling mine, totalling $32,825 as at September 30, 2013 (September 30, 2012-$29,454; December 31, 2012-$30,818) located in the United States, all of its assets are located in Canada. The Company's reportable operating segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

At September 30, 2013:

- The Company has five reportable operating segments each including related exploration and development activities; Mount Polley, Huckleberry, Red Chris, Sterling and Corporate. Transactions between reportable operating segments are recorded at fair value.
- The Mount Polley and Huckleberry segments were in commercial production and are earning revenue through the sale of copper and molybdenum concentrate and other minerals and services to external customers.
- The Sterling segment commenced commercial production as of March 1, 2013. Recovery of gold from the ore placed on the heaps during the preproduction period to March 1, 2013 was completed in July 2013 with revenue from the preproduction period ore applied to development costs. Thereafter revenue from the sale of commercial production ore is recorded in the consolidated statement of income.
- The Red Chris segment has yet to achieve commercial production.
- The Corporate segment does not include any properties that have achieved commercial production, and earns minimal revenue as finance income.

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The Company's reportable operating segments are summarized in the following table:

	Three Months Ended September 30, 2013					
	Mount Polley	Huckleberry Note 5	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$48,299	$ -	$3,081	$ -	$551	$51,931
Less inter-segment revenues	-	-	(28)	-	(235)	(263)
Revenues from external sources	$48,299	$ -	$3,053	$ -	$316	$51,668
Depletion and Depreciation	$3,549	$ -	$725	$ -	$136	$4,410
Finance (Costs) Income	$(827)	$ -	$(16)	$191	$558	$(94)
Equity Loss in Huckleberry	$ -	$(345)	$ -	$ -	$ -	$(345)
Net Income (Loss)	$16,205	$(345)	$(72)	$228	$(1,295)	$14,721
Capital Expenditures	$16,259	$ -	$(768)	$121,990	$409	$137,890
Investment in Huckleberry Mines Ltd.	$ -	$87,667	$ -	$ -	$ -	$87,667
Total Assets	$224,855	$87,667	$32,825	$490,255	$24,360	$859,962
Total Liabilities	$213,993	$ -	$3,412	$85,815	$149,087	$452,307

	Three Months Ended September 30, 2012 Note 28					
	Mount Polley	Huckleberry Note 5	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$28,994	$ -	$11	$ -	$1,247	$30,252
Less inter-segment revenues	(411)	-	(11)	-	(148)	(570)
Revenues from external sources	$28,583	$ -	$ -	$ -	$1,099	$29,682
Depletion and Depreciation	$1,951	$ -	$(32)	$ -	$140	$2,059
Finance (Costs) Income	$(3,320)	$ -	$(21)	$ -	$1,566	$(1,775)
Equity Income in Huckleberry	$ -	$564	$ -	$ -	$ -	$564
Net Income (Loss)	$3,761	$564	$(37)	$88	$(33)	$4,343
Capital Expenditures	$5,847	$ -	$2,119	$38,114	$177	$46,257
Investment in Huckleberry Mines Ltd.	$ -	$82,095	$ -	$ -	$ -	$82,095
Total Assets	$187,327	$82,095	$29,454	$221,449	$27,518	$547,843
Total Liabilities	$125,924	$ -	$3,027	$15,713	$44,923	$189,587

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(reportable operating segments continued)

	Nine Months Ended September 30, 2013					
	Mount Polley	Huckleberry Note 5	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$139,923	$ -	$3,143	$ -	$1,598	$144,664
Less inter-segment revenues	-	-	(90)	-	(723)	(813)
Revenues from external sources	$139,923	$ -	$3,053	$ -	$875	$143,851
Depletion and Depreciation	$11,714	$ -	$725	$ -	$406	$12,845
Finance Income (Costs)	$17	$ -	$(47)	$(86)	$(356)	$(472)
Equity Income in Huckleberry	$ -	$3,868	$ -	$ -	$ -	$3,868
Net Income (Loss)	$36,080	$3,868	$(82)	$(771)	$(6,212)	$32,883
Capital Expenditures	$56,910	$ -	$(1,219)	$223,410	$667	$279,768
Investment in Huckleberry Mines Ltd.	$ -	$87,667	$ -	$ -	$ -	$87,667
Total Assets	$224,855	$87,667	$32,825	$490,255	$24,360	$859,962
Total Liabilities	$213,993	$ -	$3,412	$85,815	$149,087	$452,307

	Nine Months Ended September 30, 2012 Note 28					
	Mount Polley	Huckleberry Note 5	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$139,445	$ -	$56	$ -	$2,714	$142,215
Less inter-segment revenues	(918)	-	(56)	-	(415)	(1,389)
Revenues from external sources	$138,527	$ -	$ -	$ -	$2,299	$140,826
Depletion and Depreciation	$10,647	$ -	$ -	$ -	$411	$11,058
Finance (Costs) Income	$(7,490)	$ -	$(63)	$4	$4,440	$(3,109)
Equity Income in Huckleberry	$ -	$3,813	$ -	$ -	$ -	$3,813
Net Income (Loss)	$18,874	$3,813	$(45)	$(598)	$(1,136)	$20,908
Capital Expenditures	$22,767	$ -	$5,193	$65,073	$616	$93,649
Investment in Huckleberry Mines Ltd.	$ -	$82,095	$ -	$ -	$ -	$82,095
Total Assets	$187,327	$82,095	$29,454	$221,449	$27,518	$547,843
Total Liabilities	$125,924	$ -	$3,027	$15,713	$44,923	$189,587

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	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Revenue by geographic area				
Japan	$48,338	$29,492	$92,459	$110,220
United States	2,974	(915)	50,476	28,585
Europe	-	-	-	(284)
Canada	356	1,105	916	2,305
	$51,668	$29,682	$143,851	$140,826

Revenues are attributed to geographic area based on country of customer.

In the nine months ended September 30, 2013, the Company had three principal customers (September 30, 2012–three principal customers) with each customer accounting for 33%, 32% and 32% of revenues (September 30, 2012–40%, 39%, and 20% of revenues). The Company is not reliant on any one customer to continue to operate as a going concern.

In the three months ended September 30, 2013, the Company had two principal customers (September 30, 2012-one principal customer) with each customer accounting for 48% and 46% of revenues (September 30, 2012–95% of revenues). The Company is not reliant on any one customer to continue to operate as a going concern.

The Company’s revenue from operations by major product and service are as follows:

	Three Months Ended		Nine Months Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Copper	$32,021	$16,956	$87,408	$79,857
Gold	18,836	11,171	53,691	56,471
Silver	488	450	1,869	2,193
Other	323	1,105	883	2,305
	$51,668	$29,682	$143,851	$140,826

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24. FINANCIAL INSTRUMENTS

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 approximate their fair values due to the short term nature of these investments. Management believes that the carrying value of short term and non-current debt approximates fair value. Although the interest rates and credit spreads have changed since the non-current debt was issued the fixed rate portion of the non-current debt is close to current market rates, will not be refinanced and therefore the carrying value is not materially different from fair value.

IFRS 7 - *Financial Statements–Disclosures* was amended to require 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; and
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 fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2013 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	$4,943	$ -	$4,943
Marketable securities	1,217	-	1,217
Provisionally priced receivables	-	5,792	5,792
Derivative instruments assets	-	788	788
Future site reclamation deposits	7,359	-	7,359
	13,519	6,580	20,099
Financial Liabilities			
Derivative instrument liabilities	-	(475)	(475)
	$13,519	$6,105	$19,624

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25. COMMITMENTS AND PLEDGES

(a) At September 30, 2013, the Company is committed to future minimum operating lease payments as follows:

2013	$111
2014	390
2015	388
2016	391
2017	198
	$1,478

(b) At September 30, 2013, the Company has pledged the following assets for settlement of future site reclamation provisions:

Cash deposits shown as other assets	$7,359
Mineral property, plant and equipment	1,370
Letters of credit (Note 9)	12,880
	$21,609

(c) At September 30, 2013, the Company had commitments to purchase plant and equipment, primarily for the Red Chris project, at a cost of $69,457 with commitments of $30,007 for the year 2013 and $39,450 for the year 2014. The commitments for the year 2013 are expected to be funded via non-current debt (Notes 27(a) and (b)).

26. CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. In the opinion of management, none of these matters will have a material effect on the Company's consolidated financial position or financial performance.

27. SUBSEQUENT EVENTS

Subsequent to September 30, 2013 the Company:

(a) financed certain mobile mining equipment at the Red Chris project with a US$19,090 term loan repayable over five years at a fixed interest rate of 2.57% with monthly payment, inclusive of interest, of US$340, secured by the financed equipment.

(b) Increased the $130,000 line of credit facility with a related party (Note 21) to $200,000. All other terms and conditions of the line of credit facility remain the same.

28. TRANSITION NOTE

Effective January 1, 2013, the Company adopted IFRS11 *Joint Arrangements* ("IFRS11") which replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The most significant result from the adoption is the change in the method of accounting for the Company's investment in Huckleberry. Under the previous standards, Huckleberry was proportionately consolidated whereas under IFRS11 the Company is required to account for the investment using the equity method of accounting. In accordance with the transition requirements, the initial equity investment is measured as the aggregate of the carrying amount of the assets and liabilities that the entity had previously proportionately consolidated as at the beginning of the immediately preceding period, that is, January 1, 2012.

In order for users of the consolidated financial statements to better understand the impact of the adoption of this new standard, the Company's consolidated statements of financial position, consolidated statements of comprehensive income, and consolidated statements of cash flow have been reconciled to reflect the new standards and amendments. The following reconciliations have been provided:

(i) Reconciliation of consolidated statement of financial position as at:
January 1, 2012; and December 31, 2012.
(ii) Reconciliation of consolidated statement of comprehensive income for:
Three months ended September 30, 2012; nine months ended September 30, 2012; and the year ended December 31, 2012.
(iii) Reconciliation of consolidated statement of cash flows for:
Three months ended September 30, 2012; nine months ended September 30, 2012; and the year ended December 31, 2012.

Transition Date Statements

Reconciliation of Consolidated Statement of Financial Position as of January 1, 2012

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	As Reported	IFRS11 Adjustments	As Adjusted
ASSETS			
Current Assets			
Cash	$34,475	$(28,403)	$6,072
Short term investments	27,500	(27,500)	-
Marketable securities	703	-	703
Trade and other receivables	26,756	(8,253)	18,503
Inventory	38,905	(7,127)	31,778
Derivative instrument assets and margin deposits	6,144	(3,478)	2,666
Prepaid expenses and deposits	1,709	(206)	1,503
	136,192	(74,967)	61,225
Derivative Instrument Assets and Margin Deposits	2,362	(2,362)	-
Investment in Huckleberry Mines Ltd.	-	78,282	78,282
Mineral Properties	326,989	(19,485)	307,504
Deferred Income Taxes	4,859	(530)	4,329
Other Assets	15,977	(9,562)	6,415
	$486,379	$(28,624)	$457,755
LIABILITIES			
Current Liabilities			
Trade and other payables	$27,873	$(6,453)	$21,420
Taxes payable	2,441	-	2,441
Short term debt	26,940	-	26,940
Derivative instrument liabilities	513	(414)	99
Current portion of non-current debt	1,081	-	1,081
Current portion of future site reclamation provisions	845	(200)	645
	59,693	(7,067)	52,626
Derivative Instrument Liabilities	266	(266)	-
Non-Current Debt	531	-	531
Future Site Reclamation Provisions	29,858	(21,291)	8,567
Deferred Income Taxes	61,545	-	61,545
	151,893	(28,624)	123,269
EQUITY			
Share Capital	114,563	-	114,563
Share Option Reserve	12,474	-	12,474
Currency Translation Adjustment	(272)	-	(272)
Retained Earnings	207,721	-	207,721
	334,486	-	334,486
	$486,379	$(28,624)	$457,755

Reconciliation of Consolidated Statements of Financial Position as at December 31, 2012

Unaudited – Prepared by Management
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	As Reported	IFRS11 Adjustments	Reclassification of Short Term Debt[1]	As Adjusted
ASSETS				
Current Assets				
Cash	$12,364	$(9,564)	$ -	$2,800
Short term investments	25,000	(25,000)	-	-
Marketable securities	1,557	-	-	1,557
Trade and other receivables	63,209	(7,546)	(25,733)	29,930
Inventory	38,044	(11,289)	-	26,755
Derivative instrument assets and margin deposits	1,558	(857)	-	701
Prepaid expenses and deposits	2,325	(185)	-	2,140
	144,057	(54,441)	(25,733)	63,883
Derivative Instrument Assets and Margin Deposits	896	(347)	-	549
Investment in Huckleberry Mines Ltd.	-	83,799	-	83,799
Mineral Properties	498,487	(56,083)	-	442,404
Deferred Income Taxes	1,693	-	-	1,693
Other Assets	14,599	(6,579)	-	8,020
	$659,732	$(33,651)	$(25,733)	$600,348
LIABILITIES				
Current Liabilities				
Trade and other payables	$46,292	$(8,346)	$ -	$37,946
Taxes payable	5,050	-	-	5,050
Short term debt	118,136	-	(25,733)	92,403
Derivative instrument liabilities	857	(243)	-	614
Current portion of non-current debt	1,908	-	-	1,908
Current portion of future site reclamation provisions	672	(272)	-	400
	172,915	(8,861)	(25,733)	138,321
Derivative Instrument Liabilities	636	(171)	-	465
Non-Current Debt	6,433	-	-	6,433
Future Site Reclamation Provisions	34,354	(22,357)	-	11,997
Deferred Income Taxes	74,445	(2,262)	-	72,183
	288,783	(33,651)	(25,733)	229,399
EQUITY				
Share Capital	116,892	-	-	116,892
Share Option Reserve	14,547	-	-	14,547
Currency Translation Adjustment	(837)	-	-	(837)
Retained Earnings	240,347	-	-	240,347
	370,949	-	-	370,949
	$659,732	$(33,651)	$(25,733)	$600,348

[1] The Consolidated Statement of Financial Position at December 31, 2012 has been restated to reflect a decrease in trade and other receivables of $25,733 and a reduction of the same amount in short term debt. The Company believes net presentation is appropriate. There was no impact on the Consolidated Statements of Income and Comprehensive Income and the Consolidated Statement of Changes in Equity as a result of this restatement.

Reconciliation of Condensed Consolidated Interim Statements of Income and Comprehensive Income
For the Three Months Ended September 30, 2012

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars; except for share and per share amounts

	As Reported	IFRS11 Adjustments	As Adjusted
Revenue	$49,163	$(19,481)	$29,682
Cost of Sales	(33,937)	15,399	(18,538)
Income from Mine Operations	15,226	(4,082)	11,144
General and Administration	(2,974)	550	(2,424)
Finance (Costs) Income	(4,049)	2,274	(1,775)
Other Income	9	(11)	(2)
Equity Income in Huckleberry	-	564	564
Income Before Taxes	8,212	(705)	7,507
Income and Mining Taxes	(3,869)	705	(3,164)
Net Income	4,343	-	4,343
Other Comprehensive Income (Loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustment	(997)	-	(997)
Total Comprehensive Income	$3,346	$ -	$3,346
Income Per Share			
Basic	$0.06	$ -	$0.06
Diluted	$0.06	$ -	$0.06

Reconciliation of Condensed Consolidated Interim Statements of Income and Comprehensive Income
For the Nine Months Ended September 30, 2012
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars; except for share and per share amounts

	As Reported	IFRS11 Adjustments	As Adjusted
Revenue	$190,409	$(49,583)	$140,826
Cost of Sales	(140,941)	38,328	(102,613)
Income from Mine Operations	49,468	(11,255)	38,213
General and Administration	(7,227)	550	(6,677)
Finance (Costs) Income	(7,346)	4,237	(3,109)
Other Income	80	-	80
Equity Income in Huckleberry	-	3,813	3,813
Income Before Taxes	34,975	(2,655)	32,320
Income and Mining Taxes	(14,067)	2,655	(11,412)
Net Income	20,908	-	20,908
Other Comprehensive Income (Loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustment	(875)	-	(875)
Total Comprehensive Income	$20,033	$ -	$20,033
Income Per Share			
Basic	$0.28	$ -	$0.28
Diluted	$0.28	$ -	$0.28

Reconciliation of Consolidated Statements of Income and Comprehensive Income
For the Year Ended December 31, 2012

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars; except for share and per share amounts

	As Reported	IFRS11 Adjustments	As Adjusted
Revenue	$257,783	$(58,410)	$199,373
Cost of Sales	(188,492)	46,030	(142,462)
Income from Mine Operations	69,291	(12,380)	56,911
General and Administration	(9,077)	509	(8,568)
Finance (Costs) Income	(7,614)	4,207	(3,407)
Other Income	736	(23)	713
Equity Income in Huckleberry	-	5,517	5,517
Income Before Taxes	53,336	(2,170)	51,166
Income and Mining Taxes	(20,710)	2,170	(18,540)
Net Income	32,626	-	32,626
Other Comprehensive Income (Loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustment	(565)	-	(565)
Total Comprehensive Income	$32,061	$ -	$32,061
Income Per Share			
Basic	$0.44	$ -	$0.44
Diluted	$0.43	$ -	$0.43

Reconciliation of Condensed Consolidated Interim Statements of Cash Flow
For the Three Months Ended September 30, 2012

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	As Reported	IFRS11 Adjustments	As Adjusted
OPERATING ACTIVITIES			
Net income before taxes	$8,212	$(705)	$7,507
Items not affecting cash flows			
Equity income in Huckleberry	-	(564)	(564)
Depletion and depreciation	4,044	(1,985)	2,059
Share based compensation	802	-	802
Accretion of future site reclamation provisions	276	(201)	75
Unrealized foreign exchange loss (gain)	54	(304)	(250)
Unrealized losses (gains) on derivative instruments	4,118	(1,998)	2,120
Other	(334)	93	(241)
	17,172	(5,664)	11,508
Net change in non-cash operating working capital balances	13,529	(1,011)	12,518
Income and mining taxes paid	2,046	(2,912)	(866)
Interest paid	(507)	1	(506)
Cash provided by (used in) operating activities	32,240	(9,586)	22,654
FINANCING ACTIVITIES			
Proceeds of short term debt	81,319	-	81,319
Repayment of short term debt	(63,772)	-	(63,772)
Repayment of non-current debt	(528)	-	(528)
Issue of share capital	18	-	18
Cash provided by financing activities	17,037	-	17,037
INVESTING ACTIVITIES			
Acquisition and development of mineral properties	(53,081)	16,033	(37,248)
Net change in non-cash investing working capital balances	(3,976)	(1,770)	(5,746)
Decrease on future site reclamation deposits	297	-	297
Other	(293)	110	(183)
Cash used in investing activities	(57,253)	14,373	(42,880)
EFFECT OF FOREIGN EXCHANGE ON CASH	(457)	305	(152)
(DECREASE) INCREASE IN CASH	(8,433)	5,092	(3,341)
CASH, BEGINNING OF PERIOD	28,583	(25,012)	3,571
CASH, END OF PERIOD	$20,150	$(19,920)	$230

Reconciliation of Condensed Consolidated Interim Statements of Cash Flow
For the Nine Months Ended September 30, 2012

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	As Reported	IFRS11 Adjustments	As Adjusted
OPERATING ACTIVITIES			
Net income before taxes	$34,975	$(2,655)	$32,320
Items not affecting cash flows			
Equity income in Huckleberry	-	(3,813)	(3,813)
Depletion and depreciation	15,114	(4,056)	11,058
Share based compensation	2,385	-	2,385
Accretion of future site reclamation provisions	828	(604)	224
Unrealized foreign exchange loss (gain)	(1)	(258)	(259)
Unrealized losses (gains) on derivative instruments	7,018	(3,366)	3,652
Other	(450)	111	(339)
	59,869	(14,641)	45,228
Net change in non-cash operating working capital balances	(5,136)	(677)	(5,813)
Income and mining taxes paid	133	(2,084)	(1,951)
Income and mining taxes received	578	(578)	-
Interest paid	(1,241)	38	(1,203)
Cash provided by (used in) operating activities	54,203	(17,942)	36,261
FINANCING ACTIVITIES			
Proceeds of short term debt	223,080	-	223,080
Repayment of short term debt	(191,110)	-	(191,110)
Repayment of non-current debt	(1,106)	-	(1,106)
Issue of share capital	1,351	-	1,351
Cash provided by financing activities	32,215	-	32,215
INVESTING ACTIVITIES			
Sale of short term investments	2,500	(2,500)	-
Acquisition and development of mineral properties	(118,400)	34,245	(84,155)
Net change in non-cash investing working capital balances	15,052	(3,405)	11,647
(Increase) decrease in future site reclamation deposits	(980)	-	(980)
Other	1,733	(2,173)	(440)
Cash used in investing activities	(100,095)	26,167	(73,928)
EFFECT OF FOREIGN EXCHANGE ON CASH	(648)	258	(390)
(DECREASE) INCREASE IN CASH	(14,325)	8,483	(5,842)
CASH, BEGINNING OF PERIOD	34,475	(28,403)	6,072
CASH, END OF PERIOD	$20,150	$(19,920)	$230

Reconciliation of Consolidated Statements of Cash Flows
For the Year Ended December 31, 2012

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	As Reported	IFRS11 Adjustments	Reclassification of Short Term Debt[1]	As Adjusted
OPERATING ACTIVITIES				
Income before taxes	$53,336	$(2,170)	$ -	$51,166
Items not affecting cash flows				
Equity income in Huckleberry	-	(5,517)	-	(5,517)
Depletion and depreciation	21,471	(5,871)	-	15,600
Share based compensation	2,945	-	-	2,945
Accretion of future site reclamation provisions	1,098	(806)	-	292
Unrealized foreign exchange losses (gains)	69	112	-	181
Unrealized losses (gains) on derivative instruments	5,575	(3,198)	-	2,377
Other	(548)	150	-	(398)
	83,946	(17,300)	-	66,646
Net change in non-cash operating working capital balances	(40,015)	4,137	25,733	(10,145)
Income and mining taxes paid	(2,465)	510	-	(1,955)
Income and mining taxes received	3,015	(3,015)	-	-
Interest paid	(2,075)	39	-	(2,036)
Cash provided by operating activities	42,406	(15,629)	25,733	52,510
FINANCING ACTIVITIES				
Proceeds of short term debt	385,973	-	(25,733)	360,240
Repayment of short term debt	(294,818)	-	-	(294,818)
Repayment of non-current debt	(1,667)	-	-	(1,667)
Issue of share capital	1,457	-	-	1,457
Cash provided by financing activities	90,945	-	(25,733)	65,212
INVESTING ACTIVITIES				
Sale of short term investments	2,500	(2,500)	-	-
Acquisition and development of mineral properties	(182,048)	44,154	-	(137,894)
Net change in non-cash investing working capital balances	21,884	(2,951)	-	18,933
Increase in future site reclamation deposits	(938)	(32)	-	(970)
Proceeds on sale of mineral properties	1,256	(1,140)	-	116
Other	2,179	(2,951)	-	(772)
Cash used in investing activities	(155,167)	34,580	-	(120,587)
			-	
EFFECT OF FOREIGN EXCHANGE ON CASH	(295)	(112)	-	(407)
(DECREASE) INCREASE IN CASH	(22,111)	18,839	-	(3,272)
CASH, BEGINNING OF YEAR	34,475	(28,403)	-	6,072
CASH, END OF YEAR	$12,364	$(9,564)	$ -	$2,800

[1] The Statement of Cash Flows for the year ended December 31, 2012 has been restated by a decrease of $25,733 in proceeds of short term debt and an increase of $25,733 in net change in non-cash operating working capital balances to reflect the change in presentation of concentrate advances previously recognized as short term debt. There was no impact on the Consolidated Statement of Income and Comprehensive Income and the Consolidated Statement of Changes in Equity as a result of this restatement.

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