2014 FIRST QUARTER REPORT

PRESIDENT'S MESSAGE

Imperial's comparative financial results for the three months ended March 31, 2014 and 2013 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").

The reporting currency of the Company is the Canadian ("CDN") Dollar.

[expressed in thousands, except share amounts]	THREE MONTHS ENDED MARCH 31	
	2014	2013
Revenues	$51,335	$50,866
Income from mine operations	$15,892	$13,546
Equity (loss) income in Huckleberry	$(1,308)	$1,934
Net Income	$5,857	$10,621
Net Income Per Share	$0.08	$0.14
Adjusted Net Income (1)	$6,899	$10,217
Adjusted Net Income Per Share (1)	$0.09	$0.14
Adjusted EBITDA(1)	$19,684	$18,502
Cash Flow (1)	$20,317	$16,451
Cash Flow Per Share (1)	$0.27	$0.22

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

Revenues were $51.3 million in the March 2014 quarter compared to $50.9 million in the 2013 quarter. There were two shipments in the 2014 quarter compared to two shipments in the 2013 quarter.

The Company recorded net income of $5.9 million in the March 2014 quarter compared to net income of $10.6 million in the 2013 quarter. Adjusted net income in the quarter was $6.9 million or $0.09 per share, versus $10.2 million or $0.14 per share in the March 2013 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, gold and foreign exchange 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 $2.1 million unrealized net loss on copper, gold and foreign exchange derivatives in the March 2014 quarter compared to an unrealized net gain of $0.5 million in the comparative quarter. The Company had insignificant realized gains on gold derivatives in the March 2014 quarter and no realized gains or losses in the 2013 quarter.

Cash flow increased to $20.3 million in the three months ended March 31, 2014 from $16.5 million in the comparative quarter. The increase of $3.8 million is primarily due to improved contributions from operations over the comparative quarter.

Capital expenditures increased to $90.4 million from $58.3 million in the comparative 2013 quarter. Expenditures were financed from cash flow from the Mount Polley mine and from the long term financing arrangements for the construction of the Red Chris project completed in the March 2014 quarter. At March 31, 2014 the Company had $1.5 million in cash.

During the March 2014 quarter the Company did not purchase any common shares for cancellation.

MOUNT POLLEY MINE OPERATIONS

PRODUCTION	THREE MONTHS ENDED MARCH 31	
	2014	2013
Ore milled - tonnes	1,707,371	1,969,909
Ore milled per calendar day – tonnes	18,971	21,888
Grade % - copper	0.294	0.267
Grade g/t - gold	0.258	0.255
Recovery % - copper	74.4	70.8
Recovery % - gold	67.4	63.7
Copper - lbs	8,216,443	8,207,487
Gold – oz	9,532	10,311
Silver - oz	25,068	28,703

Mount Polley 2014 first quarter production totaled 8.2 million pounds copper and 9,532 ounces gold, compared to 8.2 million pounds copper and 10,311 ounces gold produced in the comparative 2013 quarter. The annual average mill throughput for the 2014 first quarter was 18,791 tonnes per day compared to 21,888 tonnes per day in the comparative 2013 quarter. Record snowfall and mechanical issues in January posed challenges for the crushing circuit, which resulted in lower than budgeted first quarter throughput. By March the mill throughput returned to budgeted levels, and by April mill throughput averaged 23,930 tonnes per day, significantly over the budgeted throughput rate.

Open pit mining activity in the 2014 first quarter included mining of ore in the Springer Phase 3 pit, and stripping in the Cariboo pit. Springer Phase 3 pit is projected to be completed by year end, and next year mill feed will be provided by the Cariboo pit. Mine productivity in the 2014 first quarter was also slightly lower than planned due to the heavy snowfall in January. Recent upgrades to the mining fleet, including the replacement of an ageing P&H 2100 shovel with a Hitachi 3600 excavator, and the installation of a fleet management system, are expected to improve productivity levels and lower costs.

In the second quarter of 2014, the Company expects to commence stoping from the Boundary zone. Two stopes containing over 50,000 tonnes have been drilled, and blasting in these stopes is anticipated to begin before the end of May. Production is expected to ramp up to approximately 1,000 tonnes per day during the 2014 second quarter, and milled grades and thus copper production for the remainder of the year should increase with this higher grade ore from the Boundary underground being delivered to the mill.

HUCKLEBERRY MINE OPERATIONS

PRODUCTION*	THREE MONTHS ENDED MARCH 31	
	2014	2013
Ore milled – tonnes	897,065	1,480,669
Ore milled per calendar day – tonnes	9,967	16,452
Grade % – copper	0.307	0.326
Recovery % – copper	90.5	90.9
Copper – lbs	5,502,884	9,679,968
Gold - oz	452	710
Silver – oz	30,435	57,872

*production stated 100% - Imperial's allocation is 50%

Throughput for the 2014 first quarter averaged 9,967 tonnes per calendar day down from the 16,452 tonnes achieved in the comparative 2013 quarter due to the temporary suspension of operations on February 26, 2014 when a tooth failed on the semi-autogenous grinding (SAG) mill bull gear, damaging this gear and one of the pinion gears on the dual drive mill.

Huckleberry mill operations resumed April 5, 2014. To enable the SAG mill to be restarted, the damaged teeth on the bull gear were re-profiled to reduce the load on these damaged teeth, the north pinion gear was replaced with a spare, and the rotation of the mill motors was reversed. A replacement bull gear and two pinion gears for the SAG mill have been ordered and are expected to be on site by September 2014.

Forecast production for 2014 from Huckleberry was 42.0 million pounds copper and 200,000 ounces silver, but as a result of the milling time lost, the revised production estimate is approximately 36.0 million pounds copper and 175,000 ounces silver.

HUCKLEBERRY EXPLORATION

No diamond drilling is planned for the Huckleberry Mine site or adjacent claims for the year. A limited grassroots exploration program for Huckleberry's claims is planned for 2014.

RED CHRIS CONSTRUCTION UPDATE

Construction by BC Hydro of the 287kv Northwest Transmission Line (NTL) from Skeena substation to Bob Quinn continues, with the targeted completion date now the end of June 2014, a month later than the end of May 2014, as previously scheduled. Construction by the Company of the 93 kilometre Iskut extension of the NTL from Bob Quinn to Tatogga is now expected to be completed by the end of July 2014, also one month later than the end of June 2014, as previously scheduled.

By the end of the March 2014 quarter, work on the Iskut extension to the NTL had progressed with 63% of the foundations installed, 93% of the structures assembled (of which 17% have been erected), the remaining foundations and structures, hardware and conductor will be installed in the coming months. There were 125 towers assembled and stored at various locations along the route for erection by helicopter in May 2014. The remaining towers will be erected using cranes. Stringing of the conductor for this line is expected to begin at the end of May.

The projected overall capital cost of the project has increased by approximately $30.0 million. The majority of the cost increase can be attributed to the cost of constructing the power lines during the winter. The crews worked diligently through severe cold temperatures and at times heavy snowfalls, and the crews are now dealing with spring breakup. In addition to the cost increase, the winter conditions have delayed the schedule by about one month for getting grid power to the site. We now anticipate beginning commissioning work in August.

At the plant site, interior steel, mechanical installation and the tailings and reclaim water system are all about 70% complete. Piping and electrical work in the plant are about 20% complete. Based on the current status of this work and based on the current construction schedule for the power line, we are now targeting starting commissioning of the Red Chris mill in the third quarter of 2014.

To March 31, 2014 the Company had incurred expenditures of $512.5 million (out of current estimated financial budget of $622.0 million, which includes $52.0 million to be repaid by BC Hydro for the construction of the Iskut extension) on the construction of Red Chris, of which $44.7 million was in accounts payable and accruals at that date. The forecast net construction cost of the Red Chris mine is now estimated to be $570.0 million versus the previous estimate of $540.0 million.

The Corporation’s current committed credit facilities provide more than sufficient liquidity to finance completion of construction. Until closing of the long term financing arrangements for the Red Chris project March 12, 2014, the expenditures on Red Chris had been financed from cash flow from operations, a line of credit facility from the Company’s bankers, equipment loans and a $250.0 million line of credit facility from Edco Capital Corporation. Concurrent with the closing of the long term financing arrangements, the existing bank line of credit and the line of credit facility from Edco Capital Corporation were repaid in full and cancelled.

The long term financing arrangements for the Company, to be utilized primarily for the construction of Red Chris, consist of US$325.0 million 7% five year senior unsecured notes, a senior secured credit facility providing for a $200.0 million revolving credit facility, and a $75.0 million junior unsecured credit facility with Edco Capital Corporation.

STERLING MINE OPERATIONS

PRODUCTION	THREE MONTHS ENDED MARCH 31	
	2014	2013
Ore Stacked – tons	17,001	29,688
Gold Grade – oz/ton	0.140	0.072
Gold ounces – added to heap	2,373	2,138
Gold shipped – ounces	2,104	769

Mining in the 2014 first quarter focused on the north limb of the 144 zone. Stoping occurred on three different levels; 3320, 3285 and 3275. A total of 389 feet of drifting on the 3320 and 3180 levels was completed. Certain operations subject to air quality regulations have been temporarily suspended pending upgrade of Sterling’s air emissions permit. It is expected these operations will recommence within approximately 30 days and should not have an impact on Sterling’s forecast production for 2014.

RUDDOCK CREEK

The Ruddock Creek Joint Venture [Imperial (50%), Mitsui Mining and Smelting Co. Ltd. (30%) and Itochu Corporation (20%)] reviewed 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 2014 program is currently being finalized but will include additional metallurgical testing on a new sample which will be collected from the Upper E zone, additional geotechnical drilling and groundwater well installations, and ongoing baseline data collection for future permitting requirements. Surface exploration in the 2014 field season will include detailed geological and structural mapping in a number of areas. Ongoing consultations continued with area First Nations.

In addition to ongoing engineering and technical studies related to permitting, the Ruddock Creek Joint Venture continued to work on drafting the final form of the project description that will serve to initiate the environmental assessment process. The project description, which is expected to be accepted for filing in late May, contemplates a 3,000 tonne per day underground zine/lead mine with an initial design life of at least eight years.

The Company also acquired from Jasper Mining Corporation a 100% interest in the adjacent Irony Property, 16 mineral tenures covering 6,028.84 hectares. These claims are subject to a net smelter return royalty of 1.5% in favour of Jasper, however, the royalty may be reduced to 0.5% by the payment to Jasper of $1.0 million. A pro-rata interest in the Irony Property is being offered to the Joint Venture participants.

OUTLOOK

Mount Polley mine mill throughput has been excellent since weather conditions improved this spring, with an average daily throughput of 23,930 tonnes per day being achieved in April. In the mine a new hydraulic excavator was commissioned and a fleet management system was installed to increase productivity and reduce costs. The Springer Phase 3 pit is expected to be completed by year end and mill feed will then be provided by the Cariboo pit. Underground production from the Boundary zone is expected to ramp up to approximately 1,000 tonnes per day during the 2014 second quarter.

With the milling restarted at Huckleberry mine, the staff are looking at opportunities to catch up the copper production, lost during the suspension, by optimizing the mine plan.

At Sterling mine, work on permitting for an open pit mine and expanded leach pad continues.

The Ruddock Creek Joint Venture expects the final project description to be accepted for filing in late May 2014 by both the Federal and Provincial Environmental Assessment offices. While some exploration will be conducted this summer, most field work will continue to focus on technical and environmental studies.

Construction of the three power lines required to deliver power to Red Chris are all proceeding on expedited schedules; the NTL (Skeena to Bob Quinn) is now scheduled to be completed by the end of June 2014, the NTL extension (Bob Quinn to Tatogga) now scheduled to be completed by the end of July 2014 and the 17 kilometre line from Tatogga to the mine site by June 2014. The installation work on the NTL extension and the 17 kilometre line to the mine site still have some ground work to be completed. Crews are working hard to battle through the breakup conditions, and 125 of the remaining tower erection work is now planned to be completed with helicopters to enable us to complete the work by the end of July.

Construction work continues at Red Chris and work on the process plant is progressing well. Interior steel, mechanical installation and the tailings and reclaim water systems are all about 70% complete. Piping and electrical work in the plant are about 20% complete. All mills, including the SAG mill, ball mill and both regrind mills are now assembled and on their pedestals, and installation of all the equipment at the primary crusher has been completed.

The Company is targeting to commence commissioning of the Red Chris mine in third quarter 2014 as soon as the site is connected to the BC Hydro grid, and is still planning to achieve full operations in the fourth quarter of 2014.

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 months ended March 31, 2014 ("Interim Financial Statements"), as well as the audited Consolidated Financial Statements and MD&A for the year ended December 31, 2013.

The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency of the Company is the Canadian ("CDN") 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 March 31, 2014, and plans for the future based on facts and circumstances as of May 8, 2014. 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, 2014

The Company has adopted IFRIC 21 - *Levies* effective January 1, 2014. The adoption of this accounting standard had no significant impact on the condensed consolidated interim financial statements.

OVERVIEW

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 $51.3 million in the March 2014 quarter compared to $50.9 million in the comparative 2013 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. The increase in revenue in the March 2014 quarter over the comparative 2013 quarter is due to larger quantity of copper shipped and slightly lower gold shipped, offset by lower copper and gold prices. The lower metal prices were offset by a weaker Canadian dollar. There were two concentrate shipments in the March 2014 quarter compared to two shipments in the March 2013 quarter.

The London Metals Exchange cash settlement copper price per pound averaged US$3.19 in the March 2014 quarter compared to US$3.60 in the March 2013 quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,294 in the March 2014 quarter compared to US$1,630 in the March 2013 quarter. The CDN Dollar compared to the US Dollar averaged about 9.4% lower in the March 2014 quarter than in the March 2013 quarter. In CDN Dollar terms the average copper price in the March 2014 quarter was CDN$3.52 per pound compared to CDN$3.63 per pound in the March 2013 quarter and the average gold price in the March 2014 quarter was CDN$1,428 per ounce compared to CDN$1,645 per ounce in the March 2013 quarter.

Revenue in the March 2014 quarter was decreased by a $1.1 million negative revenue revaluation compared to a negative revenue revaluation of $3.2 million in the March 2013 quarter. Negative revenue revaluations are the result of the copper price on the settlement date and/or the current period balance sheet date being lower than when the revenue was initially recorded or the copper price at the last balance sheet date. The copper price started the quarter at US$3.38 per pound and ended the quarter at US$3.01 per pound.

Income from mine operations increased to $15.9 million from $13.6 million in the March 2013 quarter as result improved contribution margins from mine operations.

Net income for the March 2014 quarter was $5.9 million ($0.08 per share) compared to net income of $10.6 million ($0.14 per share) in the comparative March 2013 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 movements in foreign exchange, realized and unrealized gains and losses on derivative instruments and taxes.

In the March 2014 quarter net income was negatively impacted by net foreign exchange losses of $0.5 million compared to foreign exchange losses of $0.4 million in the comparative 2013 quarter. The current quarterly net foreign exchange loss is primarily attributable to US denominated short and long term debt reflecting the foreign currency movements in the quarter compared to the foreign exchange rate when the debt was entered incurred. The net impact of the $0.5 million foreign exchange loss is comprised of a $0.3 million loss on short term debt, a $1.9 million loss on long term equipment loans, a $2.5 million gain on the senior notes and losses of $0.8 million on operational items. The average CDN/US Dollar exchange rate in the March 2014 quarter was 1.103 compared to an average of 1.009 in the March 2013 quarter.

In the March 2014 quarter the Company recorded losses on derivative instruments of $2.1 million compared to gains of $0.5 million in the March 2013 quarter. In the March 2014 quarter the Company recorded an unrealized loss of $2.8 million on the foreign currency swap entered into during the March 2014 quarter due to a decrease in the CDN/US Dollar exchange rate compared to the price in the derivative contract. The decrease in the copper and gold price compared to the price in the derivative contracts resulted in a $0.7 million gain for copper and gold derivative instruments in the March 2014 quarter compared to a $0.5 million gain in the March 2013 quarter.

The Company recorded $1.3 million as its equity share of Huckleberry's net loss during the March 2014 quarter as a result of the temporary shutdown of the milling facility due to a bull gear failure compared to $1.9 million equity income in the March 2013 quarter.

Share based compensation was $0.2 million in the March 2014 quarter compared to $0.5 million in the comparative 2013 quarter.

Income and mining tax expense increased by $1.5 million in 2014 from 2013. The income and mining tax expense in the March 2013 quarter was reduced by a non-recurring adjustment that reduced BC Mineral taxes during that quarter.

Cash flow increased to $20.3 million in the March 2014 quarter from $16.5 million in the March 2013 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 before the net change in non-cash working capital balances, income and mining taxes, and interest paid. 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, inclusive of capitalized interest, were $96.9 million in the March 2014 quarter, up from $59.4 million in the March 2013 quarter. The expenditures in the March 2014 quarter were financed by cash flow from the Mount Polley mine and from long term debt. At March 31, 2014 the Company had $1.5 million in cash (December 31, 2013-$3.1 million). The Company had no short term debt at March 31, 2014 (December 31, 2013-$132.4 million) as this was all repaid from the long term financing arrangements for the Red Chris project. Refer to Note 10 of the March 31, 2014 condensed consolidated interim financial statements for details of the Company's long term financings.

SELECTED QUARTERLY FINANCIAL INFORMATION

[expressed in thousands, except share amounts]

	Three Months Ended March 31	
	2014	2013
Total Revenues	$51,335	$50,866
Net Income	$5,857	$10,621
Net Income per share	$0.08	$0.14
Diluted Income per share	$0.08	$0.14
Adjusted Net Income (1)	$6,899	$10,217
Adjusted Net Income per share (1)	$0.09	$0.14
Adjusted EBITDA(1)	$19,684	$18,502
Working Capital Deficiency (2)	($21,748)	($162,758)
Total Assets	$1,082,783	$975,451
Total Long Term Debt (including current portion)	$463,922	$244,382
Cash dividends declared per common share	$0.00	$0.00
Cash Flow (1)	$20,317	$16,451
Cash Flow per share (1)	$0.27	$0.22

(1) Refer to heading Non-IFRS Measures below for further details.
(2) Defined as current assets less current liabilities. The working capital deficiency at March 31, 2014 includes $44,664 of Red Chris capital expenditures which will be financed by long term debt.

NON-IFRS MEASURES

The Company reports four non-IFRS financial measures: Adjusted net income, Adjusted EBITDA, cash flow and cash cost per pound of copper produced which are described in detail under the heading Non-IFRS measures in the MD&A for the year ended December 31, 2013. The Company believes these measures are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.

Adjusted Net Income

Adjusted net income in the March 2014 quarter was $6.9 million ($0.09 per share) compared to $10.2 million ($0.14 per share) in the March 2013 quarter. Adjusted net income shows the financial results excluding the effect of items not settling in the current period. 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 not related to the current period, net of taxes, and unrealized foreign exchange gains or losses on non-current debt, net of tax, as further detailed below.

Calculation of Adjusted Net Income

[expressed in thousands, except share amounts]

	Three Months Ended March 31	
	2014	2013
Net income as reported	$5,857	$10,621
Unrealized loss (gain) on derivative instruments, net of tax (a)	1,545	(404)
Unrealized foreign exchange gain on non-current debt, net of tax (b)	(503)	−
Adjusted Net Income	$6,899	$10,217
Adjusted Net Income Per Share	$0.09	$0.14

(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, gold and foreign currency hedged.
(b) Non-current debt is recorded on the Company's Statement of Financial Position at the foreign exchange rate in effect on that date, with changes in foreign exchange rates, net of taxes, flowing through net income. The amounts of non-current debt ultimately payable may be materially different than reflected in the financial statements due to foreign currency movements.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, taxes and depletion and depreciation and as adjusted for the items described in the reconciliation table below.

Adjusted EBITDA is not necessarily comparable to similarly titled measures used by other companies. We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain non-cash or unusual items that we do not expect to continue at the same level in the future, or other items that we do not believe to be reflective of our ongoing operating performance. We further believe that our presentation of this non-IFRS financial measure provides information that is useful to investors because it is an important indicator of the strength of our operations and the performance of our core business.

Adjusted EBITDA is not a measurement of operating performance or liquidity under IFRS and should not be considered as a substitute for earnings from operations, net income or cash generated by operating activities computed in accordance with IFRS. Adjusted EBITDA has limitations as an analytical tool and therefore Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

A reconciliation of net income to Adjusted EBITDA is as follows:

Adjusted EBITDA

[expressed in thousands]

	Three Months Ended March 31	
	2014	2013
Net Income [(a)]	$5,857	$10,621
Adjustments:		
Income and mining tax expense	4,214	2,868
Interest expense	-	11
Depletion and depreciation	6,497	4,359
Accretion of future site reclamation provisions	157	69
Unrealized losses (gains) on derivative instruments	2,101	(490)
Share based compensation	222	501
Foreign exchange losses	538	345
Revaluation losses on marketable securities	87	249
Loss (gain) on sale of mineral properties	11	(31)
Adjusted EBITDA[(a)]	$19,684	$18,502

(a) Net income and Adjusted EBITDA includes our 50% portion of the net income from Huckleberry to reflect our adoption of IFRS11. However, we are not able to control the timing and amount, if any, of cash distributions that Huckleberry may make to Imperial.

Cash Flow and Cash Flow 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. Cash flow is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid and cash flow per share is the same measure divided by the weighted average number of common shares outstanding during the period.

Cash Cost Per Pound of Copper Produced

The cash cost per pound of copper produced is a non-IFRS financial measure that does not have a standardized meaning under IFRS, and as a result may not be comparable to similar measures presented by other companies. Management uses this non-IFRS financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its two copper producing mines, Mount Polley and Huckleberry, and on a composite basis for these two mines.

The method of calculating the cash cost per pound of copper produced are described in detail under the heading Non-IFRS measures in the MD&A for the year ended December 31, 2013.

The following tables reconcile cost of sales as shown on the consolidated statement of comprehensive income to the cash cost per pound of copper produced in US Dollars:

Estimated Cash Cost per Pound of Copper Produced

[expressed in thousands]

	Three Months Ended March 31, 2014					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	B			C=A+B
Cost of Sales	$29,051	$14,526	$32,732	$2,711	$35,443	$47,258
Less:						
Depletion and depreciation	(5,413)	(2,707)	(4,994)	(1,325)	(6,319)	(7,701)
Share based compensation	-	-	(17)	-	(17)	(17)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(274)	(137)	-	-	-	(137)
Cash costs before adjustment to production basis	23,364	11,682	27,721	1,386	29,107	39,403
Adjust for inventory change	(6,933)	(3,467)	(3,139)			(6,606)
Adjust transportation and offsite costs	(1,026)	(513)	(272)			(784)
Treatment and refining costs	2,174	1,087	2,124			3,211
By-product and other revenues	(1,334)	(667)	(13,612)			(14,279)
Cash cost of copper produced in CDN$	16,245	8,123	12,822			20.945
US$ to CDN$ exchange rate	*1.1035*	*1.1035*	*1.1035*			*1.1035*
Cash cost of copper produced in US$	14,722	7,361	11,620			18,981
Copper produced - lbs	*5,503*	*2,752*	*8,216*			*10,968*
Cash cost per pound of copper produced in US$	$2.68	$2.68	$1.41			$1.73

	Three Months Ended March 31, 2013					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Corporate	Total per Financial Statements	Composite
		A	B			C=A+B
Cost of Sales	$32,508	$16,254	$37,215	$105	$37,320	$53,469
Less:						
Depletion and depreciation	(5,682)	(2,841)	(4,224)	(105)	(4,329)	(7,065)
Share based compensation	-	-	(37)	-	(37)	(37)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(274)	(137)	-	-	-	(137)
Cash costs before adjustment to production basis	26,552	13,276	32,954	-	32,954	46,230
Adjust for inventory change	(4,403)	(2,202)	(6,085)			(8,287)
Adjust transportation and offsite costs	(432)	(216)	(473)			(689)
Treatment and refining costs	3,753	1,877	1,605			3,482
By-product and other revenues	(2,925)	(1,462)	(17,098)			(18,560)
Cash cost of copper produced in CDN$	22,546	11,274	10,902			22,176
US$ to CDN$ exchange rate	*1.0089*	*1.0089*	*1.0089*			*1.0089*
Cash cost of copper produced in US$	22,347	11,175	10,806			21,981
Copper produced - lbs	*9,680*	*4,840*	*8,207*			*13,047*
Cash cost per pound of copper produced in US$	$2.31	$2.31	$1.32			$1.68

DERIVATIVE INSTRUMENTS

In the three month period ending March 31, 2014 the Company recorded losses of $2.1 million on derivative instruments, comprised of a $2.8 million loss related to the CDN/US currency swap and a net $0.7 million gain on copper and gold derivatives. This compared to gains of $0.5 million in the March 2013 quarter related to only to copper derivatives. 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 and movements in the CDN/US exchange rate. These amounts include realized gains of under $0.1 million in the March 2014 quarter and no realized gains or losses in the March 2013 quarter. The Company has not applied hedge accounting for it derivative instruments and therefore records changes in the unrealized gains or losses on these contracts 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 and gold prices and CDN/US exchange rated compared to the copper and gold prices and CDN/US exchange rate at the time when these contracts were entered into and the type and length of time to maturity of the contracts.

Unrealized derivative instruments for Mount Polley cover about 67% of the estimated copper settlements via min/max zero cost collars through December 2014 and 59% of the estimated gold settlements via min/max zero cost collars through December 2015.

In the March 2014 quarter the Company entered into a cross currency swap to lock in the foreign exchange rate on US$110.0 million of the US$325.0 million senior unsecured notes (the “Notes”) principal amount and related interest over the five year term of the Notes. The foreign exchange rate was fixed at 1.1113 CDN for each US Dollar. Based on the March 31, 2014 CDN/US Dollar exchange rate the Company had an unrealized loss of $2.8 million on the derivative instruments related to the swap. This loss was offset by an unrealized foreign exchange gain of $2.6 million on the revaluation of the US$325.0 million principal amount of the Notes.

Future changes in the CDN/US Dollar exchange rate could have a material impact on the derivative instruments related to the swap however a significant portion of this gain or loss will be offset by the foreign exchange gain or loss on the Notes.

DEVELOPMENTS DURING THE MARCH 2014 QUARTER

GENERAL

The London Metals Exchange copper price per pound averaged US$3.19 in the March 2014 quarter compared to US$3.60 in the comparative 2013 quarter. The London Metals Exchange gold price per troy ounce averaged US$1,294 in the March 2014 quarter compared to US$1,630 in the comparative 2013 quarter. The average CDN/US Dollar exchange rate of 1.103 in the March 2014 quarter was higher compared to the average CDN/US Dollar exchange of 1.009 in the comparative quarter. In CDN Dollar terms the average copper price in the March 2014 quarter was 3% lower than in the comparative 2013 quarter, and the average gold price in the March 2014 quarter was 13.2% lower than in the comparative 2013 quarter.

MOUNT POLLEY

Exploration, development and capital expenditures at Mount Polley were $16.4 million in the March 2014 quarter compared to $16.9 million in the comparative 2013 quarter.

Quarterly copper production was 8,216,443 pounds in the March 2014 quarter, up slightly from the comparative 2013 quarter. Gold production for the quarter was down slightly due to lower gold grade ore being treated.

HUCKLEBERRY

Exploration, development and capital expenditures at Huckleberry were $9.9 million in the March 2014 quarter compared to $14.1 million in the comparative 2013 quarter.

Huckleberry revenues in the March 2014 quarter were $27.6 million compared to $39.8 million in the comparative 2013 quarter primarily due to lower sales volumes and larger negative revenue revaluation. In the March 2014 quarter, revenue was decreased by $4.6 million negative revaluation compared to a $1.5 million negative revaluation in 2013.

Throughput for the March 2014 quarter averaged 9,967 tonnes per calendar day, down from the 16,452 tonnes achieved in the March 2013 quarter due to the temporary suspension of operations on February 26, 2014 when a tooth failed on the semi-autogenous grinding (SAG) mill bull gear, damaging this gear and one of the pinion gears on the dual drive mill.

Mill operations resumed April 5, 2014, and the mill is currently achieving budgeted throughput levels of 700 to 800 tonnes per hour. To enable the SAG mill to be restarted, the damaged teeth on the bull gear were reprofiled to reduce the load on these damaged teeth, the north pinion gear was replaced with a spare, and the rotation of the mill motors was reversed. A replacement bull gear and two pinion gears for the SAG mill have been ordered and are expected to be on site by September.

RED CHRIS

Exploration and development expenditures at Red Chris were $80.2 in the March 2014 quarter, including capitalized interest of $6.5 million, compared to $41.9 million in the March 2013 quarter which included capitalized interest of $1.1 million. A significant portion of the expenditures in the March 2014 quarter were for the construction of the power lines.

STERLING

Exploration and development expenditures at Sterling were under $0.1 million in the March 2014 quarter compared to $0.4 million in the March 2013 quarter.

RUDDOCK CREEK

Exploration and development expenditures at Ruddock Creek were minimal at $0.1 million in both the March 2014 and March 2013 quarters.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2014 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2013

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 March 31, 2014 and the audited consolidated financial statements of the Company for the year ended December 31, 2013.

FINANCIAL RESULTS

Overview

Revenues were $51.3 million in the March 2014 quarter compared to $50.9 million in the comparative 2013 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 $15.9 million from $13.6 million in the comparative 2013 quarter primarily due to improved contributions from operations. Metal quantity shipped in the 2014 quarter was higher than the comparative 2013 quarter. This, along with lower waste removal costs allocated to production, increased income from operations in the 2014 quarter compared to the 2013 quarter.

Net income for the quarter ended March 31, 2014 was $5.9 million ($0.08 per share) compared to net income of $10.6 million ($0.14 per share) in the comparative 2013 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 and foreign exchange.

Revenue

[expressed in thousands of dollars, except quantity amounts]

	Three Months Ended March 31 2014	2013
Copper 000's pounds sold	*10,735,325*	*9,975,225*
Gold ounces sold	*13,594*	*12,629*
Revenue before revaluation	$52,476	$54,037
Revenue revaluation	(1,141)	(3,171)
	$51,335	$50,866

The increase in revenue in the March 2014 quarter over the 2013 quarter is due primarily to increased sales and lower negative revaluations in 2014 compared to 2013. There were two concentrate shipments in the March 2014 quarter compared to two shipments in the 2013 quarter from the Mount Polley mine. The increase in shipment volumes was partially offset by lower copper and gold prices in the 2014 quarter compared to the 2013 quarter.

In US Dollars, copper prices were about 11.4% lower in the March 2014 quarter than in the comparative 2013 quarter, averaging about US$3.19 per pound compared to US$3.60 per pound. The US Dollar strengthened against the CDN Dollar during the 2014 quarter. Factoring in the average exchange rate, the price of copper averaged CDN$3.52 per pound in the March 2014 quarter about 3% lower than the March 2013 quarter average of CDN$3.63 per pound. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,294 in the March 2014 quarter compared to US$1,632 in the comparative 2013 quarter. Factoring in the average exchange rate, the price of gold averaged CDN$1,428 per ounce in the March 2014 quarter about 13.2% lower than the comparative 2013 quarter average of CDN$1,645 per ounce.

Cost of Sales

[expressed in thousands of dollars]

	Three Months Ended March 31 2014	2013
Operating expenses	$16,893	$22,607
Salaries, wages and benefits	12,214	10,347
Depletion and depreciation	6,319	4,329
Share based compensation	17	37
	$35,443	$37,320

Cost of sales decreased primarily due to a lower stripping ratio in the March 2014 quarter compared to the March 2013 quarter. A significant amount of costs for waste removal were capitalized as deferred stripping costs in accordance with the Company's accounting policies.

General and Administration Costs

[expressed in thousands of dollars]

	Three Months Ended March 31	
	2014	2013
Administration	$1,255	$1,385
Share based compensation	205	464
Depreciation	178	30
Foreign exchange loss	845	108
	$2,483	$1,987

General and administration costs increased slightly in the March 2014 quarter compared to the comparative 2013 quarter as a result of higher foreign exchange losses over the prior quarter. Share based compensation expense declined from 2013 as there were no new option grants.

The average CDN/US Dollar exchange rate for the March 2014 quarter was 1.103 compared to 1.009 in the comparative 2013 quarter. 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 March 31	
	2014	2013
(Losses) gains on derivatives instruments	$(2,087)	$490
Interest expense, net of $6,463 (March 31, 2013-$1,050), capitalized to construction in progress	-	(11)
Foreign exchange gain (loss) on debt	307	(237)
Other	(239)	(207)
	$(2,019)	$(35)

The inclusion of gains and losses on derivative instruments results in large variances in finance costs. The Company has not applied hedge accounting for its derivative instruments and therefore records changes in the unrealized gains or losses on these contracts at fair value on each statement of financial position date. 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 and foreign exchange rate, resulted in a loss of $2.1 million during the three months ending March 2014 compared to a gain of $0.5 million in the comparative March 2013 quarter. The ultimate gain or loss on these contracts will be determined by the copper and gold prices and foreign exchange rate in the periods when these contracts settle.

Interest expense of $6.5 million was capitalized to construction in progress during the March 2014 quarter as a result of the construction at the Red Chris mine. In the comparative 2013 quarter $1.1 million was capitalized.

The Company increased its US Dollar denominated debt in the March 2014 quarter. Overall foreign exchange attributable to US denominated short and long term debt reflecting the foreign currency movements in the quarter compared to the exchange rate when the debt was incurred and resulted in a $0.3 million loss on short term debt, $1.9 million loss on long term equipment loans and $2.5 million gain on senior notes. Foreign exchange movements during the 2014 quarter and including the foreign exchange rate at quarter end resulted in total foreign exchange gains of $0.3 million compared to a $0.2 million loss in the comparative 2013 quarter.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was a $1.3 million loss in the March 2014 quarter compared to a $1.9 million income on the comparative 2013 quarter. The decline was primarily due to lower shipment volumes resulting from the suspension of operations and idle mine costs during the suspension period.

[stated 100% - Imperial's equity share is 50%] [expressed in thousands of dollars, except quantity amounts]	Three Months Ended March 31 2014	2013
Copper 000's pounds sold	*9,640,968*	*11,598,724*
Revenue before revaluations	$32,235	$41,307
Revenue revaluation	(4,641)	(1,526)
	27,594	39,781
Cost of sales	(29,051)	(32,508)
Income from mine operations	(1,457)	7,273
Other	606	659
Idle mine costs	(3,516)	-
Income (loss) before taxes	(4,367)	7,932
Income and mining taxes	1,750	(4,064)
Net Income	$(2,617)	$3,868

Income and Mining Taxes

[expressed in thousands of dollars, except quantity amounts]	Three Months Ended March 31 2014	2013
Current Taxes		
Income taxes	$29	$3,634
BC Mineral taxes	337	279
Nevada Net Proceeds Tax	-	-
	366	3,913
Deferred Taxes		
Income taxes	3,167	(465)
BC Mineral Taxes	681	(580)
	3,848	(1,045)
	$4,214	$2,868

The Company's effective tax rate, including BC Mineral taxes and excluding equity income from Huckleberry, was 37.0% of pre-tax income marginally higher than the expected 35.6% tax rate.

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 2013.

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, warrant 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, 2013.

LIQUIDITY RISK

The Company has in place a rigorous planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. The Company ensures that in addition to cash balances there are sufficient committed credit facilities, including the advance payment facilities noted above, to provide the necessary cash to meet projected cash requirements. At March 31, 2014 the Company's primary sources of credit are the long term financing arrangements for the Red Chris project and for general working capital purposes. These are comprised of a $200.0 million syndicated secured revolving credit facility, US$325.0 million senior unsecured notes issue and a $75.0 million unsecured junior credit facility.

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 increased during 2013 and into 2014 as the Company faces much higher than normal capital expenditures in 2014 related to the development of the Red Chris mine. In March 2014 the Company completed long term financing to fund the development of Red Chris thereby reducing the liquidity risk. Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

The amount of cash currently generated by the Company's operations may not be sufficient to fund projected levels of exploration and development activity and associated overhead costs. The Company may then be dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available on terms acceptable to the Company or at all.

The Company had the following contractual obligations with respect to financial instruments as of March 31:

[expressed in thousands of dollars]	Within 1 Year	2 to 3 Years	4 to 5 Years	Over 5 Years	Total
Trade and other payables	$72,273	$ -	$ -	$ -	$72,273
Derivative instrument liabilities	2,811	-	-	-	2,811
Non-current debt	8,109	90,339	376,679	-	475,127
	$83,193	$90,339	$376,679	$ -	$550,211

CURRENCY RISK

Financial instruments that impact the Company's net income and comprehensive income due to currency fluctuations include US dollar denominated cash, accounts receivable, derivative instrument assets and margin deposits, reclamation deposits, trade and other payables, derivative instrument liabilities, and debt. If the US Dollar had been 10% higher/lower and all other variables were held constant, net income and comprehensive income for the three months ended March 31, 2014 would have been lower/higher by $26.2 million. This is a significant change from prior quarters as a result of the issuance of the US Dollar denominated senior notes in the March 2014 quarter. The foreign currency swap for a substantial portion of the senior notes, which is not included in the $26.2 million, would offset some of this gain/loss.

CASH FLOW

The Company recorded net income of $5.9 million in 2014 compared to net income of $10.6 million in 2013. Cash flow was $20.3 million in 2014 compared to cash flow of $16.5 million in 2013.

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 before the net change in working capital balances, income and mining taxes, and interest paid.

WORKING CAPITAL

At March 31, 2014, the Company had a working capital deficiency, defined as current assets less current liabilities of $21.7 million, a decrease of $141.1 million from a working capital deficiency of $162.8 million at December 31, 2013. The March 31, 2014 working capital position reflects the repayment of short term debt from the long term financing arrangements for the Company in March 2014. Trade and other payables for the Red Chris project total $44.7 million at March 31, 2014. Excluding the trade and other payables related to the Red Chris project that will be financed from non-current debt facilities the Company has working capital of $23.0 million at March 31, 2014.

ACQUISITION AND DEVELOPMENT OF MINERAL PROPERTIES

Acquisition and development of mineral properties totaled $96.9 million in the March 2014 period compared to $59.4 million in the March 2013 quarter. Acquisition and development expenditures in 2014 were financed from cash flow from operations and long term debt.

[expressed in thousands of dollars]	Three Months Ended March 31	
	2014	2013
Capital and Development Expenditures		
Mount Polley	$14,181	$14,649
Red Chris (including capitalized interest of $6,463 (2013-$1,050))	80,192	41,871
Sterling	65	315
Other	47	9
	$94,485	56,844
Exploration Expenditures		
Mount Polley	2,224	2,279
Red Chris	17	20
Sterling, net of pre-production revenues	(30)	91
Other	150	111
	2,361	2,501
	$96,846	$59,345

Exploration expenditures of $2.2 million at Mount Polley consist of underground expenditures at the Boundary zone. The Company's 50% share of exploration and development expenditures at Ruddock Creek in the March 2014 quarter was $0.1 million.

Capital expenditures were $96.9 million including capitalized interest of $6.5 million was up from $59.4 million in the March 2013 quarter. Expenditures in the March 2014 quarter were financed by cash flow from the Mount Polley mine and from the long term financing arrangements completed in the March 2014 quarter. At March 31, 2014 the Company had $1.5 million in cash (December, 2013-$3.1 million). The short term debt balance at December 31, 2013 of $132.4 million was repaid in the March 2014 quarter with completion of the long term financing arrangements.

DEBT AND OTHER OBLIGATIONS

INTEREST RATE RISK

The Company is exposed to interest rate risk on its outstanding borrowings. At March 31, 2014 the majority of the Company's outstanding borrowings were at fixed interest rates compared to March 31, 2013 when the majority of the Company's outstanding borrowings were 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.

In addition to the senior unsecured notes issued in the March 2014 quarter to repay short term debt and non-current debt the Company utilized short term debt from purchasers of the Company's concentrate and advances from the revolving senior credit facility provide working capital to meet day to day cash requirements.

The Company had the following contractual obligations as of March 31, 2014:

[expressed in thousands of dollars]	2014	2015	2016	2017	2018	2019 and beyond	Total
Non-current debt	$8,109	$11,259	$79,080	$11,216	$6,240	$359,223	$475,127
Operating leases	293	388	391	198	-	-	1,270
Capital expenditures and other(1)	53,766	208	208	28	28	-	54,238
Reclamation bonding	8,500	4,500	6,000	5,500	4,000	-	28,500
Mineral properties (2)	274	470	593	746	971	-	3,054
	$70,942	$16,825	$86,272	$17,688	$11,239	$359,223	$562,189

(1) Total is to year 2018 only.

(2) 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, assumptions, and the debt financings completed in March 2014, the Company expects to have sufficient cash resources to support its normal operating and capital requirements on an ongoing basis.

At March 31, 2014 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.

FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as held for trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of derivative instrument assets and liabilities are determined by the counterparties using standard valuation techniques for these derivative instruments.

The carrying value less impairment provision, if necessary, of trade and other receivables and trade and other payables, are assumed to approximate their fair values. Management believes that the carrying value of non-current debt approximates fair value. Interest rates and credit spreads have not changed significantly since the non-current debt was issued 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;
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 March 31, 2014 as follows:

[expressed in thousands of dollars]	Level 1	Level 2	Total
Financial Assets			
Cash	$1,498	$ -	$1,498
Marketable securities	976	-	976
Provisionally priced receivables	-	27,011	27,011
Derivative instruments assets	-	2,412	2,412
Future site reclamation deposits	3,191	-	3,191
	5,665	29,423	35,088
Financial Liabilities			
Derivative instrument liabilities	-	2,811	2,811
	$5,665	$26,612	$32,277

SELECT QUARTERLY FINANCIAL INFORMATION

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

	Three Months Ended			
	March 31 2014	December 31 2013	September 30 2013	June 30 2013
Total sales including 50% equity share of Huckleberry				
Copper 000's lbs sold	*15,556*	*16,169*	*12,432*	*15,583*
Gold ounces sold	*13,889*	*13,790*	*14,161*	*12,172*
Silver ounces sold	*56,419*	*69,957*	*45,249*	*65,977*
Total sales excluding Huckleberry				
Copper 000's lbs sold	*10,735*	*9,696*	*9,719*	*9,646*
Gold ounces sold	*13,594*	*13,407*	*13,994*	*11,779*
Silver ounces sold	*32,479*	*34,568*	*29,572*	*32,784*
Total Revenues	$51,335	$43,954	$51,668	$41,317
Equity Income (loss) in Huckleberry	$(1,308)	$4,465	$(345)	$2,279
Net Income	$5,857	$8,071	$14,721	$7,541
Income per share (1)	$0.08	$0.11	$0.20	$0.10
Diluted Income per share (1)	$0.08	$0.11	$0.20	$0.10
Adjusted Net Income (2)	$6,899	$7,225	$16,641	$5,968
Adjusted Net Income per share(1) (2)	$0.09	$0.10	$0.22	$0.08
Adjusted EBITDA (2)	$19,684	$21,469	$28,586	$18,043
Cash Flow (2)	$20,317	$17,087	$28,639	$16,036
Cash Flow per share (1) (2)	$0.27	$0.23	$0.38	$0.22
Average LME copper price/lb in US$	$3.190	$3.240	$3.210	$3.240
Average LME gold price/troy oz in US$	$1,294	$1,291	$1,327	$1,413
Average CDN/US$ exchange rate	$1.103	$1.049	$1.039	$1.023
Period end CDN/US$ exchange rate	$1.105	$1.064	$1.029	$1.051

				Three Months Ended
	March 31 2013	December 31 2012[3]	September 30 2012[3]	June 30 2012[3]
Total sales including 50% equity share of Huckleberry				
Copper 000's lbs sold	*15,775*	*12,716*	*10,005*	*15,143*
Gold ounces sold	*12,982*	*15,167*	*7,504*	*15,508*
Silver ounces sold	*67,749*	*48,850*	*46,016*	*62,228*
Total sales excluding Huckleberry				
Copper 000's lbs sold	*9,975*	*9,975*	*4,756*	*9,599*
Gold ounces sold	*12,628*	*14,979*	*7,171*	*15,147*
Silver ounces sold	*33,990*	*32,883*	*17,028*	*33,612*
Total Revenues	$50,866	$58,547	$29,682	$50,883
Equity Income (loss) in Huckleberry	$1,934	$1,704	$564	$3,524
Net Income	$10,621	$11,718	$4,343	$11,966
Income per share [1]	$0.14	$0.16	$0.06	$0.16
Diluted Income per share [1]	$0.14	$0.16	$0.06	$0.16
Adjusted Net Income [2]	$10,217	$10,635	$7,432	$10,535
Adjusted Net Income per share[1] [2]	$0.14	$0.14	$0.10	$0.14
Adjusted EBITDA [2]	$18,502	$22,647	$17,472	$15,379
Cash Flow [2]	$16,451	$21,418	$11,508	$15,825
Cash Flow per share [1] [2]	$0.22	$0.29	$0.15	$0.21
Average LME copper price/lb in US$	$3.600	$3.590	$3.500	$3.567
Average LME gold price/troy oz in US$	$1,630	$1,719	$1,655	$1,611
Average CDN/US$ exchange rate	$1.009	$0.991	$0.995	$1.006
Period end CDN/US$ exchange rate	$1.016	$0.995	$0.984	$1.019

(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) Refer to table under heading Non-IFRS Measures for details of the calculation of these amounts.
(3) 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) 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 quarter was primarily due to lower quantities of copper and gold sold by the Company, inclusive of the Company's share of Huckleberry, during this quarter as shipment levels were lower than in the other quarters. The lower net 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%. The higher net income in the September 2013 quarter is due primarily to lower operating expenses. The lower net income in the March 2014 quarter is primarily due to the loss resulting from the temporary suspension of the Huckleberry mill.

RELATED PARTY TRANSACTIONS

CORPORATE

Details on related party transactions can be found in Note 21 to the Interim Financial Statements for the March 2014 quarter.

OTHER

As of May 8, 2014 the Company had 74,945,768 common shares outstanding, and on a diluted basis 78,008,718 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 March 31, 2014 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.

RISK FACTORS

The Company's business involves a high degree of risk. You should carefully consider the risks described in the Company's MD&A in the audited Consolidated Financial Statements for the year ended December 31, 2013. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition, results of operations and cash flow would suffer. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See "Forward-Looking Statements and Risks Notice".

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 2014 from the Mount Polley, Huckleberry and Sterling mines is anticipated to be 62.0 million pounds copper, 56,450 ounces gold and 207,500 ounces silver, amended from the January 2014 forecast of 65.0 million pounds copper, 56,700 ounces gold and 220,000 ounces silver as a result of the Huckleberry shutdown.

Cash flow protection for the balance of 2014 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 2014 will be limited in scope, and conducted at our existing mining operations Mount Polley, Huckleberry and Sterling.

At Mount Polley mine, the Boundary zone test stope is now ready for mining to begin, and blasting of long holes should begin in May 2014. A minor exploration program will be conducted at Huckleberry, and work will focus on interpretation of information collected over the last two years. Underground drilling at Sterling will continue in the vicinity of the underground workings.

DEVELOPMENT

The Mount Polley Springer Phase 3 pit is expected to be completed by year end and mill feed will then be provided by the Cariboo pit. Underground production is expected to ramp up to approximately 1,000 tonnes per day in the 2014 second quarter.

At Huckleberry mine, Main Zone Optimization pit stripping and ore release will continue throughout 2014. Given the five week cessation of mill production, Huckleberry is investigating whether the planned dam construction in 2014 can be reduced.

At Sterling mine, work on permitting for an open pit mine and expanded leach pad continues.

The Ruddock Creek Joint Venture expects the final project description to be accepted for filing in late May 2014 by both the Federal and Provincial Environmental Assessment offices. While some exploration will be conducted this summer, most field work will continue to focus on technical and environmental studies.

Construction of the three power lines required to deliver power to Red Chris are all proceeding on expedited schedules. The NTL (Skeena to Bob Quinn) is scheduled to be completed by the end of June 2014, the Iskut extension (Bob Quinn to Tatogga) is now scheduled to be completed by the end of July 2014, and the 17 kilometre line from Tatogga to the mine site is scheduled to be completed by June 2014. The installation work on both the Iskut extension and the 17 kilometre line to the mine site still have some ground work to be completed. Crews are working hard to battle through the breakup conditions, and much of the remaining tower erection work is now planned to be completed with helicopters to enable the work to be completed by the end of July.

Construction work continues at Red Chris and work on the process plant is progressing well. Interior steel, mechanical installation and the tailings and reclaim water systems are all about 70% complete. Piping and electrical work in the plant are about 20% complete. Some key milestones include, all mills, including the SAG mill, ball mill and both regrind mills, now assembled and on their pedestals, and installation of all the equipment at the primary crusher completed. Based on the current status of this work and based on the current construction schedule for the power line, we are now targeting starting commissioning of the Red Chris mill in the third quarter of 2014.

FINANCING

Based on current plans, assumptions, and the debt financings completed in March 2014, the Company expects to have sufficient cash resources to support its normal ongoing operating and capital requirements, and to cover the cost of completing construction and startup at Red Chris.

ACQUISITIONS

Management continues to evaluate potential acquisitions and exploration opportunities both on currently owned properties and new prospects.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	Notes	March 31 2014	December 31 2013
ASSETS			
Current Assets			
Cash		$1,498	$3,095
Marketable securities		976	1,063
Trade and other receivables	3	35,611	16,807
Inventory	4	23,936	27,358
Derivative instrument assets	12	1,295	3,473
Prepaid expenses and deposits		1,595	2,204
		64,911	54,000
Derivative Instrument Assets	12	1,117	-
Investment in Huckleberry Mines Ltd.	5	90,824	92,132
Mineral Properties	6	918,587	824,823
Deferred Income Taxes		666	-
Other Assets	7	6,678	4,496
		$1,082,783	$975,451
LIABILITIES			
Current Liabilities			
Trade and other payables	8	$72,273	$66,511
Taxes payable		3,230	5,444
Short term debt	9	-	132,410
Derivative instrument liabilities	12	16	1,735
Current portion of non-current debt	10	10,855	10,373
Current portion of future site reclamation provisions	11	285	285
		86,659	216,758
Derivative Instrument Liabilities	12	2,795	-
Non-Current Debt	10	453,067	234,009
Future Site Reclamation Provisions	11	16,867	15,760
Deferred Income Taxes	17	95,273	90,760
		654,661	557,287
EQUITY			
Share Capital	13	123,554	120,408
Share Option Reserve	13	14,066	15,119
Warrant Reserve	13	870	-
Currency Translation Adjustment		2,474	1,336
Retained Earnings		287,158	281,301
		428,122	418,164
		$1,082,783	$975,451
Commitments and Pledges	6, 25		
Contingent Liabilities	26		
Subsequent Event	5(g)		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on May 8, 2014

"Larry G. Moeller"
Larry G. Moeller
Director

"J. Brian Kynoch"
J. Brian Kynoch
Director

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2014 and 2013

Unaudited – Prepared by Management

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

	Notes	Three Months Ended March 31 2014	2013
Revenue		$51,335	$50,866
Cost of Sales	14	(35,443)	(37,320)
Income from Mine Operations		15,892	13,546
General and Administration	15	(2,483)	(1,987)
Finance Costs	16	(2,019)	(35)
Other (Expense) Income		(11)	31
Equity (Loss) Income in Huckleberry	5	(1,308)	1,934
Income before Taxes		10,071	13,489
Income and Mining Taxes	17	(4,214)	(2,868)
Net Income		5,857	10,621
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment		1,138	610
Total Comprehensive Income		$6,995	$11,231
Income Per Share			
Basic	18	$0.08	$0.14
Diluted	18	$0.08	$0.14
Weighted Average Number of Common Shares Outstanding			
Basic	18	74,836,549	74,354,203
Diluted	18	75,967,022	75,568,152

See accompanying notes to these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2014 and 2013

Unaudited – Prepared by Management

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

	Share Capital				Currency		
	Number of Shares	Amount	Share Option Reserve	Warrant Reserve	Translation Adjustment	Retained Earnings	Total
Balance December 31, 2012	74,319,750	$116,892	$14,547	$ -	$(837)	$240,347	$370,949
Issued on exercise of options	58,100	593	(225)	-	-	-	368
Share based compensation expense	-	-	501	-	-	-	501
Total comprehensive income	-	-	-	-	610	10,621	11,231
Balance March 31, 2013	74,377,850	$117,485	$14,823	$ -	$(227)	$250,968	$383,049
Balance December 31, 2013	74,676,018	$120,408	$15,119	$ -	$1,336	$281,301	$418,164
Issued on exercise of options	268,750	3,146	(1,275)	-	-	-	1,871
Warrants issued (Notes 13(c) and 21)	-	-	-	870	-	-	870
Share based compensation expense	-	-	222	-	-	-	222
Total comprehensive income	-	-	-	-	1,138	5,857	6,995
Balance March 31, 2014	74,944,768	$123,554	$14,066	$870	$2,474	$287,158	$428,122

See accompanying notes to these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2014 and 2013

Unaudited – Prepared by Management

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

		Three Months Ended March 31	
	Notes	2014	2013
OPERATING ACTIVITIES			
Income before taxes		$10,071	$13,489
Items not affecting cash flows			
Equity loss (income) in Huckleberry		1,308	(1,934)
Depletion and depreciation		6,497	4,359
Share based compensation		222	501
Accretion of future site reclamation provisions		157	69
Unrealized foreign exchange (gains) losses		(138)	228
Unrealized losses (gains) on derivative instruments		2,101	(490)
Other		99	229
		20,317	16,451
Net change in non-cash operating working capital balances	19	(10,636)	(14,735)
Income and mining taxes paid		(722)	(443)
Interest paid		(4,842)	(1,055)
Cash provided by operating activities		4,117	218
FINANCING ACTIVITIES			
Proceeds of short term debt		174,576	221,401
Repayment of short term debt		(307,256)	(168,373)
Proceeds of non-current debt		480,842	-
Repayment of non-current debt		(260,820)	(521)
Issue of share capital		1,871	368
Other		(863)	-
Cash provided by financing activities		88,350	52,875
INVESTING ACTIVITIES			
Acquisition and development of mineral properties		(90,383)	(58,295)
Net change in non-cash investing working capital balances		(3,110)	2,447
Proceeds on sale of mineral properties		16	-
Other		(648)	31
Cash used in investing activities		(94,125)	(55,817)
EFFECT OF FOREIGN EXCHANGE ON CASH		61	21
DECREASE IN CASH		(1,597)	(2,703)
CASH, BEGINNING OF PERIOD		3,095	2,800
CASH, END OF PERIOD		$1,498	$97

See accompanying notes to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2014 and 2013

Unaudited – Prepared by Management

expressed in thousands of Canadian dollars, except share amounts

1. NATURE OF OPERATIONS

Imperial Metals Corporation (the Company) is incorporated under the laws of the Province of British Columbia, Canada, and its principal business activity is the exploration, development and production of base and precious metals from its mineral properties. The head office, principal address and registered and records office of the Company are located at 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 producing Huckleberry mine in northern British Columbia;
- underground gold producing Sterling mine in southwest Nevada.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed consolidated interim 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, 2013, 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, 2014.

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, 2013 prepared in accordance with IFRS.

The preparation of condensed consolidated interim 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 consolidated interim 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, 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

Changes in Accounting Standards

Levies Imposed by Governments

In May 2013, the IASB issued IFRIC 21 – *Levies* (“IFRIC 21”), an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The application of IFRIC 21 did not have a significant impact on the Company’s condensed consolidated interim financial statements.

Changes in Accounting Standards Not Yet Effective

Financial Instruments

The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 – *Financial Instruments* (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its condensed consolidated interim financial statements.

3. TRADE AND OTHER RECEIVABLES

	March 31 2014	December 31 2013
Trade receivables	$35,358	$16,563
Taxes receivable	253	244
	$35,611	$16,807

4. INVENTORY

	March 31 2014	December 31 2013
Stockpile ore	$1,659	$1,372
Stockpiles and ore under leach	5,766	6,342
Dore	1,423	-
Concentrate	2,900	7,675
Supplies	12,188	11,969
	$23,936	$27,358

Inventory recognized as expense during the three months ended March 31, 2014 was $26,375 (three months ended March 31, 2013-$30,082).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2014 and 2013

Unaudited – Prepared by Management

expressed in thousands of Canadian dollars, except share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD.

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. 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.

	March 31 2014	December 31 2013
Balance, beginning of period	$92,132	$83,799
Equity (loss) income for the period	(1,308)	8,333
Balance, end of period	$90,824	$92,132

Statement of Financial Position [(1)]
stated 100% - Imperial's equity share is 50%

	March 31 2014	December 31 2013
ASSETS		
Current Assets		
Cash	$32,351	$31,583
Short term investments	15,000	15,000
Other current assets	17,971	31,959
	65,322	78,542
Mineral Properties	171,494	163,486
Other Non-Current Assets	18,182	16,501
	$254,998	$258,529
LIABILITIES		
Current Liabilities		
Trade and other payables	$11,661	$15,267
Other current liabilities	11,537	12,427
	23,198	27,694
Future Site Reclamation Provisions	39,909	37,812
Other Non-Current Liabilities	10,242	8,758
	73,349	74,264
EQUITY		
Share Capital	57,596	57,596
Retained Earnings	124,053	126,669
	181,649	184,265
	$254,998	$258,529

[(1)] 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

Statement of Income and Comprehensive (Loss) Income and Retained Earnings
stated 100% - Imperial's equity share is 50%

	Three Months Ended March 31	
	2014	2013
Revenue	$27,594	$39,782
Cost of Sales	(29,051)	(32,508)
(Loss) Income from Mine Operations	(1,457)	7,274
General and Administration	508	(12)
Finance Costs	97	(14)
Idle mine costs	(3,516)	-
(Loss) Income before Taxes	(4,368)	7,248
Income and Mining Tax Recovery (Expense)	1,751	(3,380)
Net (Loss) Income and Comprehensive (Loss) Income	$(2,617)	$3,868

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

	Three Months Ended March 31	
	2014	2013
OPERATING ACTIVITIES		
Net (loss) income before taxes	$(4,368)	$7,248
Items not affecting cash flows		
Depletion and depreciation	5,413	5,682
Unrealized foreign exchange loss (income)	205	(24)
Unrealized gains on derivative instruments	(27)	(106)
Other	20	(18)
	1,243	12,782
Net change in non-cash operating working capital balances	11,628	9,952
Income and mining taxes paid	(350)	(300)
Cash provided by operating activities	12,521	22,434
INVESTING ACTIVITIES		
Acquisition and development of mineral properties	(9,867)	(14,132)
Net change in non-cash financing working capital balances	-	(2,910)
Other	(1,681)	(44)
Cash used in investing activities	(11,548)	(17,086)
EFFECT OF FOREIGN EXCHANGE ON CASH	(205)	24
INCREASE IN CASH	768	5,372
CASH, BEGINNING OF PERIOD	31,583	19,128
CASH, END OF PERIOD	$32,351	$24,500

expressed in thousands of Canadian dollars, except share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

(a) Mineral Properties

	Cost	Accumulated Depletion, Depreciation and Impairment Losses	Net Carrying Amount
Balance December 31, 2012	$418,462	$306,298	$112,164
Additions	75,562	-	75,562
Depletion & Depreciation	-	24,240	(24,240)
Disposals	(866)	(866)	-
Balance December 31, 2013	493,158	329,672	163,486
Additions	13,143	-	13,143
Depletion & Depreciation	-	5,135	(5,135)
Balance March 31, 2014	$506,301	$334,807	$171,494

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

(b) Derivative Instruments

Huckleberry had no option contracts outstanding at March 31, 2014.

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 March 31, 2014, security deposits totaled $nil (December 31, 2013-$nil).

(c) Pledged Assets

At March 31, 2014, Huckleberry had pledged cash deposits of $12,165 (December 31, 2013-$12,165) and certain mining equipment with a net book value of $10,226 (December 31, 2013-$10,843) as security for future site reclamation obligations.

(d) Future Site Reclamation Provisions

Changes to the future site reclamation provisions are as follows:

	Three Months Ended March 31 2014	Year Ended December 31 2013
Balance, beginning of period	$39,022	$45,260
Accretion	410	1,525
Costs incurred during the period	(441)	(1,038)
Change in estimates of future costs	2,028	(6,725)
Balance, end of period	41,019	39,022
Less portion due within one period	(1,110)	(1,210)
	$39,909	$37,812

expressed in thousands of Canadian dollars, except share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

(e) Reclamation Bonding Obligations

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

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

(f) Commitments

As at March 31, 2014 Huckleberry is committed to future minimum operating lease payments as follows:

2014	$97
2015	90
2016	77
2017	7
2018	7
	$278

(g) Subsequent Event

Huckleberry mill operations resumed on April 5, 2014 and is operating at budgeted throughput levels. The Huckleberry mill was shut down on February 26, 2014 due to a damaged bull gear in the mill.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

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 December 31, 2012	$138,274	$138,768	$40,351	$218,958	$113,353	$649,704
Additions	33,596	11,007	1,091	60,527	295,599	401,820
Reclassifications	33,270	(9,533)	(23,737)	-	-	-
Disposals	-	(38)	(7)	(3,015)	-	(3,060)
Foreign exchange movement	458	-	1,426	430	-	2,314
Balance as at December 31, 2013	205,598	140,204	19,124	276,900	408,952	1,050,778
Additions	12,110	9,817	149	2,389	74,208	98,673
Reclassifications	246	(246)	-	-	-	-
Disposals	-	-	-	(28)	-	(28)
Foreign exchange movement	61	785	-	499	-	1,345
Balance as at March 31, 2014	$218,015	$150,560	$19,273	$279,760	$483,160	$1,150,768

		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 December 31, 2012	$86,092	$ -	$1,645	$119,563	$ -	$207,300
Depletion & depreciation	8,248	-	-	12,846	-	21,094
Disposals	-	-	-	(3,012)	-	(3,012)
Foreign exchange movement	447	-	-	126	-	573
Balance as at December 31, 2013	94,787	-	1,645	129,523	-	225,955
Depletion & depreciation	-	-	-	5,768	-	5,768
Foreign exchange movement	20	-	-	438	-	458
Balance as at March 31, 2014	$94,807	$ -	$1,645	$135,729	$ -	$232,181
Carrying Amount						
Balance as at December 31, 2012	$52,182	$138,768	$38,706	$99,395	$113,353	$442,404
Balance as at December 31, 2013	$110,811	$140,204	$17,479	$147,377	$408,952	$824,823
Balance as at March 31, 2014	$123,208	$150,560	$17,628	$144,031	$483,160	$918,587

At March 31, 2014 the Company had contractual commitments totaling $53,557 (December 31, 2013-$81,624) for the acquisition of property, plant and equipment (Note 25(c)). At March 31, 2014 mineral property assets with a carrying value of $1,370 (December 31, 2013-$1,370) are legally restricted for the purposes of settling future site reclamation provisions (Note 25 (b)). During the three months ended March 31, 2014 the Company capitalized borrowing costs of $6,463 (March 31, 2013-$1,050) related to the Red Chris project into construction in progress at a weighted average borrowing rate of 5.68% (March 31, 2013-3.42%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

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 hectares, which consists of seven mining leases totalling 2,007 hectares, and 42 mineral claims encompassing 16,767 hectares.

Huckleberry

The Company owns 50% (Note 5) of the Huckleberry open pit copper mine located 88 kilometres south-southwest of Houston in west central British Columbia. The Huckleberry property covers 19,779.9 hectares, which consists of two mining leases covering 2,421.7 hectares and 39 mineral claims encompassing approximately 17,358.2 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 29,482.14 hectares and is comprised of five 30 year mining leases covering 5,141 hectares and 83 mineral claims encompassing 24,341.14 hectares. The Red Chris project was issued a Mines Act permit in May 2012 by the Province of British Columbia. The development of the Red Chris project into a mine will coincide with the completion of the power lines to the Red Chris project which are all expected to be completed by the end of July 2014. Net smelter royalties of 1.0% is payable on production from all or portions of 23 core mineral tenures and 1.5% payable on production from the 27 Red Chris South claims.

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 Ruddock Creek Joint Venture (Note 20) is owned by Imperial (50%), Mitsui Mining and Smelting Co. Ltd. (30%) and Itochu Corporation (20%) ("Itochu/Mitsui"). 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, and consists of 42 mineral claims totalling 21,156 hectares. Net smelter royalties of 1% is payable on production from the three main claims and 1.5% payable on production from the 16 Irony claims.

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.

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7. OTHER ASSETS

	March 31 2014	December 31 2013
Future site reclamation deposits	$3,191	$3,077
Other	3,487	1,419
	$6,678	$4,496

8. TRADE AND OTHER PAYABLES

	March 31 2014	December 31 2013
Trade payables	$33,741	$38,930
Accrued liabilities	38,532	27,581
	$72,273	$66,511

9. SHORT TERM DEBT

Amounts due for short term debt facilities are:	March 31 2014	December 31 2013
Bank loan facilities aggregating $nil (December 31, 2013 -$150,000) 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 was guaranteed by a related party (Note 21). A portion of the facility was utilized for letters of credit pledged for settlement of future site reclamation provisions. The facility was due on demand and was repaid and cancelled in March 2014.		
(i) Bankers Acceptances with a maturity value of $nil (December 31, 2013-$120,000)	$ -	$119,980
(ii) Cheques issued in excess of funds on deposit to be funded from the loan facility	-	12,430
	$ -	$132,410

The movement of the amounts due for short term debt are:	Three Months Ended March 31 2014	Year Ended December 31 2013
Balance, beginning of period	$132,410	$92,403
Amounts advanced	174,576	488,870
Amounts repaid	(307,256)	(449,347)
Foreign exchange losses	270	484
Balance, end of period	$ -	$132,410

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10. NON-CURRENT DEBT

Amounts due for non-current debt are:		March 31 2014	December 31 2013
Senior secured revolving credit facility, net of issue costs	(a)	$64,865	$ -
Senior unsecured notes, net of issue costs	(b)	350,409	-
Junior credit facility	(c)	-	-
Line of credit facility	(d)	-	195,000
Equipment loans		48,648	49,382
		463,922	244,382
Less portion due within one year		(10,855)	(10,373)
		$453,067	$234,009

The movement of the amounts due for non-current debt are:	Three Months Ended March 31 2014	Year Ended December 31 2013
Balance, beginning of period	$244,382	$8,341
Amounts advanced	480,842	249,375
Foreign exchange (gain) loss	(577)	1,929
Accretion of debt issue costs	95	-
Amounts repaid	(260,820)	(15,263)
Balance, end of period	463,922	244,382
Less portion due within one year	(10,855)	(10,373)
	$453,067	$234,009

(a) Senior secured revolving credit facility from a syndicate of banks aggregating $200,000 (December 31, 2013-$nil) due on October 1, 2016. The facility is secured by trade and other receivables, inventory, shares of all material subsidiaries and a floating charge on certain assets of the Company. A portion of the facility has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 25(b)).

(i) Principal	$67,257	$ -
(ii) Unamortized financing costs	(2,392)	-
	$64,865	$ -

(b) Senior unsecured notes (the "Notes") due March 15, 2019 aggregating US$325,000 with interest at 7% per annum payable on March 15 and September 15 of each year commencing September 15, 2014. The Notes, net of transaction costs, are accounted for at amortized cost using the effective interest method.

The notes are guaranteed by all the material subsidiaries of the Company. The Company may redeem some or all of the Notes at any time on or after March 15, 2017 at redemption prices ranging from 103.5% to 100% plus accrued interest and prior to that date at 100% plus a make-whole premium plus accrued interest. Prior to March 15, 2017 the Company may also redeem up to 35% of the principal amount of the Notes up to the net proceeds of certain equity offerings at a redemption price of 107% plus accrued interest.

The indenture governing the Notes places certain transaction-based restrictions on the Company's ability to incur additional indebtedness; prepay, redeem or repurchase certain debt; pay dividends or make other distributions or repurchase or redeem shares; make loans and investments; sell assets; incur liens; enter into transactions with affiliates; consolidate, merge or sell all or substantially all of the Company's assets, in each case subject to certain exceptions.

(i) Principal	$359,222	$ -
(ii) Unamortized financing costs	(8,813)	-
	$350,409	$ -

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		Three Months Ended March 31 2014	Year Ended December 31 2013
(c)	Junior credit facility from a related party aggregating $75,000 (December 31, 2013-$nil) unsecured with interest payable quarterly at 10% per annum. The facility is available for drawdown until the earlier of the date the Company meets the completion test specified in the senior credit facility or June 1, 2015. The facility is due on March 15, 2019, however the facility must be repaid upon (i) receipt of proceeds from specific sources as described in the agreement, (ii) the debt ratio in the senior credit facility permitting repayment of the debt. In connection with this facility, the Company issued 750,000 warrants (Notes 13(c) and 21).	$ -	$ -
(d)	Line of credit facility from a related party (Note 21) aggregating $nil (December 31, 2013-$200,000) unsecured and due on January 1, 2015 with interest payable monthly at 7% per annum. This facility was repaid and cancelled in March 2014.	$ -	$195,000

11. FUTURE SITE RECLAMATION PROVISIONS

The Company has recognized provisions for future site reclamation provisions at its Mount Polley, Red Chris, Sterling and Ruddock Creek properties. Although the ultimate amounts of the future site reclamation provisions are uncertain, the fair value of these obligations is based on information currently available, including closure plans and applicable regulations. The amounts and timing of closure plans for the mineral properties will vary depending on a number of factors including exploration success and alternative mining plans. Significant closure activities include land rehabilitation, water treatment, demolition of facilities, monitoring and other costs.

Changes to the future site reclamation provisions are as follows:

	Three Months Ended March 31 2014	Year Ended December 31 2013
Balance, beginning of period	$16,045	$12,397
Accretion (Note 16)	157	307
Costs incurred during the period	-	(200)
Change in estimates of future costs and effect of translation of foreign currencies	950	3,541
Balance, end of period	17,152	16,045
Less portion due within one year	(285)	(285)
	$16,867	$15,760

The total undiscounted amount of estimated future cash flows required to settle the obligations is $21,449 (December 31, 2013-$20,425). The estimated future cash flows were then adjusted using a 2.0% (December 31, 2013-2.0%) rate of inflation. The estimated future cash flows have been discounted using a rate of 4.20% (December 31, 2013-4.20%).

The obligations are expected to be settled primarily in the years 2014 through 2041.

The amounts and timing of closure plans for the mineral properties will vary depending on a number of factors including exploration success and alternative mining plans. Refer to Notes 25(b) and (d) for assets pledged and legally restricted for the purposes of settling future site reclamation provisions and obligation to increase reclamation bond funding.

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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 and gold prices and the CDN/US Dollar exchange rate. There is no master netting agreement which allows for the Company to offset gains and losses from the various contracts.

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

At March 31, 2014, the Company had entered into various contracts to protect the cash flow from Mount Polley against a decline in the price of copper and gold and to lock in the CDN/US Dollar exchange and interest rate on a portion of the Notes (Note 10). The Company has not applied 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 March 31, 2014 depending on the attributes of the contracts.

(i) Option contracts outstanding at March 31, 2014 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				
2014	$2.88	$3.55	14,661,000	14,661,000

(ii) Option contracts outstanding at March 31, 2014 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				
2014	$1,238	$1,398	21,200	21,200
2015	$1,250	$1,415	36,000	36,000

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

(iii) On March 12, 2014, concurrent with the issuance of the Notes, the Company entered into US Dollar fixed to CDN Dollar fixed cross currency swaps aggregating US$110,000 in principal amount to lock in the foreign exchange rate on a portion of the US$325,000 Notes and related interest payments (Note 10). These cash flow hedges provide the Company with a fixed US Dollar to CDN Dollar exchange rate and a fixed interest rate on the US$110,000 swapped to $122,232 principal amount of the Notes. The foreign exchange rate on the US$110,000 swapped principal plus related interest payments over the five year term of the Notes is fixed at 1.1112 CDN for each US Dollar. The interest rate on the CDN Dollar obligations is fixed at 7.6% per annum over the term of the Notes. At March 31, 2014 the fair value of the cross currency swap was a liability of $2,795.

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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 Plans

The changes in share options were as follows:

	Three Months Ended March 31, 2014		Year Ended December 31, 2013	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,582,700	$8.28	3,014,968	$8.13
Exercised	(268,750)	$6.96	(356,268)	$6.76
Forfeited	-	-	(76,000)	$9.38
Outstanding at end of period	2,313,950	$8.43	2,582,700	$8.28
Options exercisable at end of period	1,761,950	$7.46	1,962,700	$7.44

The following table summarizes information about the Company's share options outstanding at March 31, 2014:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding and Exercisable	Remaining Contractual Life in Years
$4.41	870,900	4.75	870,900	4.75
$5.93	176,000	5.75	176,000	5.75
$11.55	1,267,050	6.54	715,050	6.54
	2,313,950	5.81	1,761,950	5.58

For share options exercised during the period ended March 31, 2014, the weighted average share price at the date of exercise was $17.11 (March 31, 2013-$14.07).

Refer to Notes 13(b) and (c) of the audited consolidated financial statements for the year ended December 31, 2013 for further details of the Company's Share Options Plans and Normal Course Issuer Bid.

(c) Warrants

In connection with the junior credit facility (Note 10(c)) the Company issued 750,000 warrants on March 12, 2014 to a related party. Each warrant is exercisable at $20 and entitles the holder to purchase one common share of the Company. The warrants expire on March 12, 2016. At March 31, 2014 all 750,000 warrants remained outstanding.

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14. COST OF SALES

	Three Months Ended March 31	
	2014	2013
Operating expenses	$16,893	$22,607
Salaries, wages and benefits	12,214	10,347
Depletion and depreciation	6,319	4,329
Share based compensation	17	37
	$35,443	$37,320

15. GENERAL AND ADMINISTRATION COSTS

	Three Months Ended March 31	
	2014	2013
Administration	$1,255	$1,385
Share based compensation	205	464
Depreciation	178	30
Foreign exchange loss	845	108
	$2,483	$1,987

16. FINANCE (COSTS) INCOME

	Three Months Ended March 31	
	2014	2013
Accretion of future site reclamation provisions	$(157)	$(69)
Other interest expense	-	(11)
Foreign exchange loss on current debt	(270)	(78)
Foreign exchange gain (loss) on non-current debt	577	(159)
Fair value adjustment to marketable securities	(87)	(249)
Realized gains on derivative instruments	14	-
Unrealized (losses) gains on derivative instruments	(2,101)	490
	(2,024)	(76)
Interest income	5	41
Finance costs	$(2,019)	$(35)

17. INCOME AND MINING TAXES

	Three Months Ended March 31	
	2014	2013
Current income and mining taxes	$366	$3,913
Deferred income and mining taxes	3,848	(1,045)
	$4,214	$2,868

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18. INCOME PER SHARE

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

	Three Months Ended March 31	
	2014	2013
Net Income	$5,857	$10,621
Basic weighted-average number of common shares outstanding	74,836,549	74,354,203
Effect of dilutive securities - stock options	1,130,473	1,213,949
Diluted weighted-average number of common shares outstanding	75,967,022	75,568,152
Basic net income per common share	$0.08	$0.14
Diluted net income per common share	$0.08	$0.14

Excluded from the calculation of diluted net income per common share for the period ended March 31, 2014 are 750,000 warrants (March 31, 2013-nil warrants) which are anti-dilutive.

19. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended March 31	
	2014	2013
Trade and other receivables	$(20,662)	$(20,700)
Inventory	1,902	5,987
Derivative instrument assets	1,678	-
Prepaid expenses and deposits	608	738
Trade and other payables	7,481	(760)
Derivative instrument liabilities	(1,643)	-
	$(10,636)	$(14,735)

(b) Supplemental information on non-cash financing and investing activities:
During the period ended March 31, 2014 the Company issued 750,000 warrants for financing costs (Notes 10 and 21) at an ascribed value of $870.

During the period ended March 31, 2013, the Company received marketable securities with a fair value of $3 as sales proceeds and option payments on mineral properties.

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20. JOINT OPERATIONS

Included in the condensed consolidated interim financial statements are the following amounts representing the Company's interests in joint operations consisting primarily of a 50% interest in the Ruddock Creek Joint Venture (Note 6) and a 35% interest in the Porcher Island Joint Venture:

Statements of Financial Position	Three Months Ended March 31	
	2014	2013
Current Assets		
Cash	$303	$439
Other current assets	8	8
	311	447
Mineral properties	12,494	12,372
Other non-current assets	45	45
	12,850	12,864
Current Liabilities		
Trade and other payables	(29)	(45)
Non-current future site reclamation provisions	(218)	(216)
	$12,603	$12,603

Statements of Cash Flows	Three Months Ended March 31	
	2014	2013
Cash provided by financing activities	$ -	$1,337
Cash used in investing activities	(136)	(943)
(Decrease) increase in cash	$(136)	$394

There have been no operations since inception of the Ruddock Creek Joint Venture and the Porcher Island Joint Venture as the joint operations are currently in the exploration stage.

21. RELATED PARTY TRANSACTIONS

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

	Three Months Ended March 31	
	2014	2013
Cost of sales	$ -	$6
Loan guarantee fee for guarantee of portion of bank loan facility (Note 9)	$91	$117
Financing fees - cash	$1,000	$ -
Financing fees – warrants (Notes 10(c) and 13 (c))	$870	$ -
Interest expense	$3,188	$ -
Accrued interest on Notes	$226	$ -
Notes (US$53,300)	$58,912	$ -

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.

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22. COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The remuneration of the Company's directors and other key management personnel during the three months ended March 31, 2014 and 2013 are as follows:

	Three Months Ended March 31	
	2014	2013
Short term benefits[1]	$355	$328
Share based payments[2]	$ -	$ -

(1) Short term employee benefits include salaries, estimated 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 For the Three Months Ended March 31, 2014 and 2013.
(2) Share-based payments are the fair value of options granted to directors and other key management personnel.

23. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. Except for assets, comprised primarily of the Sterling mine, totaling $34,816 as at March 31, 2014 (December 31, 2013-$33,470) located in the United States, all of its assets are located in Canada. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker. The Company has five reportable segments each including related exploration and development activities; Mount Polley, Huckleberry, Red Chris, Sterling and Corporate. Transactions between reportable segments are recorded at fair value.

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

	Three Months Ended March 31, 2014					
	Mount Polley	Huckleberry Note 5	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$49,407	$ -	$1,648	$ -	$528	$51,583
Less inter-segment revenues	-	-	-	-	(248)	$(248)
Revenues from external sources	$49,407	$ -	$1,648	$ -	$280	$51,335
Depletion and Depreciation	$4,994	$ -	$1,213	$ -	$290	$6,497
Finance Costs	$(437)	$ -	$(17)	$(1,185)	$(380)	$(2,019)
Equity Loss in Huckleberry	$ -	$(1,308)	$ -	$ -	$ -	$(1,308)
Net Income (Loss)	$12,053	$(1,308)	$(980)	$(935)	$(2,973)	$5,857
Capital Expenditures	$16,405	$ -	$35	$80,209	$197	$96,846
Equity Investment	$ -	$90,824	$ -	$ -	$ -	$90,824
Total Assets	$264,097	$90,824	$34,816	$667,615	$25,431	$1,082,783
Total Liabilities	$198,857	$ -	$2,828	$81,994	$370,982	$654,661

	Three Months Ended March 31, 2013					
	Mount Polley	Huckleberry Note 5	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$50,587	$ -	$26	$ -	$524	$51,137
Less inter-segment revenues	-	-	(26)	-	(245)	$(271)
Revenues from external sources	$50,587	$ -	$ -	$ -	$279	$50,866
Depletion and Depreciation	$4,224	$ -	$ -	$-	$135	$4,359
Finance (Costs) Income	$(1,226)	$ -	$(16)	$7	$1,200	$(35)
Equity Income (Loss) in Huckleberry	$ -	$1,934	$ -	$ -	$ -	$1,934
Net Income (Loss)	$9,448	$1,934	$(16)	$690	$(1,435)	$10,621
Capital Expenditures	$16,928	$ -	$410	$41,891	$116	$59,345
Equity Investment	$ -	$85,733	$ -	$-	$ -	$85,733
Total Assets	$214,816	$85,733	$32,085	$311,460	$23,980	$668,074
Total Liabilities	$213,092	$ -	$2,840	$24,050	$45,043	$285,025

	Three Months Ended March 31	
	2014	2013
Revenue by geographic area		
Japan	$23,456	$26,271
United States	27,599	24,299
Canada	280	296
	$51,335	$50,866

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

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In the three months ended March 31, 2014 the Company had two principal customers (March 31, 2013–two principal customers) with each customer accounting for 51% and 47% of revenues (March 31, 2013–51% and 48% of revenues). The Company is not reliant on any one customer to continue to operate as a going concern.

The Company's principal product is copper concentrate, containing copper, gold and silver, which is sold at prices quoted on the London Metals Exchange.

The Company sells all of its concentrate and gold production to third party smelters and traders. The Company's revenue from operations by major product and service are as follows:

	Three Months Ended March 31	
	2014	2013
Copper	$31,721	$29,855
Gold	18,714	19,873
Silver	620	860
Other	280	278
	$51,335	$50,866

Huckleberry sells copper concentrate to smelters owned by the Company's joint venture partners in Huckleberry (Note 5).

24. FINANCIAL INSTRUMENTS

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as marketable securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of derivative instrument assets and liabilities are determined by the counterparties using standard valuation techniques for these derivative instruments.

The carrying value, less impairment provision if necessary, of trade and other receivables and trade and other payables are assumed to approximate their fair values. 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 maturity, will not be refinanced and therefore the carrying value is not materially different from fair value.

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

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

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The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at March 31, 2014 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	$1,498	$ -	$1,498
Marketable securities	976	-	976
Provisionally priced receivables	-	27,011	27,011
Derivative instruments assets	-	2,412	2,412
Future site reclamation deposits	3,191	-	3,191
	5,665	29,423	35,088
Financial Liabilities			
Derivative instrument liabilities	-	2,811	2,811
	$5,665	$26,612	$32,277

25. COMMITMENTS AND PLEDGES

(a) At March 31, 2014 the Company is committed to future minimum operating lease payments as follows:

2014	$293
2015	388
2016	391
2017	198
2018	-
	$1,270

(b) At March 31, 2014 the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets	$3,191
Mineral property, plant and equipment	1,370
Letters of credit (Note 10)	17,258
	$21,819

(c) At March 31, 2014 the Company had commitments to purchase plant and equipment for the Red Chris project at a cost of $53,557.

(d) The Company is obligated to increase its reclamation bond funding as follows:

2014	$8,500
2015	4,500
2016	6,000
2017	5,500
2018	4,000
	$28,500

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.

Imperial Metals Corporation

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MANAGEMENT

Brian Kynoch | President
Andre Deepwell | Chief Financial Officer & Corporate Secretary
Don Parsons | Chief Operating Officer
Kelly Findlay | Vice President Finance
Steve Robertson | Vice President Corporate Affairs
Gordon Keevil | Vice President Corporate Development
Patrick McAndless | Vice President Exploration

AUDITORS

Deloitte LLP

BANKERS

Bank of Montreal

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP

TRANSFER AGENT

Computershare Investor Services Inc.

ANNUAL GENERAL MEETING

May 28, 2014 | 9:00am
Hyatt Regency Vancouver | 655 Burrard Street