President's Message

Imperial's comparative financial results for the three months ended March 31, 2015 and 2014 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 per share amounts	Three Months Ended March 31	
	2015	2014
Revenues	$1,533	$51,335
(Loss) income from mine operations	$(1,713)	$15,892
Equity loss in Huckleberry	$(593)	$(1,308)
Net (loss) income	$(33,384)	$5,857
Net (loss) income Per Share	$(0.45)	$0.08
Adjusted Net (loss)income (1)	$(8,012)	$6,899
Adjusted Net (loss)income Per Share (1)	$(0.11)	$0.09
Adjusted EBITDA(1)	$(6,145)	$19,684
Cash Flow (1)	$(6,061)	$20,317
Cash Flow Per Share (1)	$(0.08)	$0.27

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

Revenues were $1.5 million in the March 2015 quarter compared to $51.3 million in the 2014 comparative quarter. Revenue in the current quarter is primarily from gold sales from the Sterling gold mine compared to two shipments of concentrate from the Mount Polley mine and gold sales from the Sterling gold mine in the 2014 comparative quarter.

The Company recorded a net loss of $33.4 million in the March 2015 quarter compared to net income of $5.9 million in the 2014 comparative quarter. The adjusted net loss in the March 2015 quarter was $8.0 million or $0.11 per share, versus adjusted net income of $6.9 million or $0.09 per share in the 2014 comparative quarter. Adjusted net income or loss is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from foreign exchange movements on non-current debt, and 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 period or non-recurring in nature.

The Company recorded $13.1 million unrealized net gain on copper, gold and foreign exchange derivatives in the March 2015 quarter compared to an unrealized net loss of $2.1 million in the 2014 comparative quarter. Gains of $0.4 million were realized on gold derivatives and a $0.3 million gain on foreign currency swaps in the March 2015 quarter compared to no realized gains or losses in the 2014 quarter.

Cash flow was negative $6.1 million in the three months ended March 30, 2015 compared to positive cash flow of $20.3 million in the 2014 comparative quarter. The $26.4 million decrease is primarily due to the absence of revenue from Mount Polley due to the suspension of mine operations following the tailings dam breach in 2014.

Capital expenditures, inclusive of capitalized interest, decreased to $44.7 million from $96.8 million in the 2014 comparative quarter. Expenditures in the current quarter were financed from non-current debt. At March 30, 2015 the Company had $6.5 million in cash.

During the March 2015 quarter the Company did not purchase any common shares for cancellation.

Liquidity and Financing

The Company's 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 service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due.

At March 31, 2015, the Company had cash of $6.5 million and a working capital deficiency of $35.6 million. Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced in February 2015. However, due to production slowdowns related to temporarily reduced water supply, it will take additional time for the mine to consistently achieve design levels of throughput and production. As a result, the Company will not be able to meet the June 1, 2015 date for completion under the Senior Credit Facility. The Company is in discussions with its lenders to extend the date for it to achieve completion. However, without a waiver or extension from its lenders the Company will be in default under the Senior Credit Facility effective June 1, 2015.

The Company is reviewing alternatives for additional sources of financing to provide funding until the Red Chris mine is generating sufficient cash flow. However, there can be no assurance that financing will be available on terms acceptable to the Company or at all. The projected cash flow from the Red Chris mine when operating at design capacity together with anticipated insurance proceeds as well as the available credit facilities and additional sources of financing should be sufficient to fund the remaining estimated remediation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation and restoration at the Mount Polley mine. A default under the Senior Credit Facility without securing additional adequate financing would have a material adverse impact on the Company's financial condition and results of operations and its ability to operate as a going concern. Management is working diligently to secure additional financing on terms acceptable to the Company.

Mount Polley Mine

Mount Polley employees and a team of experts continue rehabilitation and restoration work in the areas affected by the August 2014 breach of the tailings embankment. Two sediment ponds installed in the lower Hazeltine Creek have resulted in significant turbidity reduction in the water entering into Quesnel Lake. The turbidity in Quesnel River has dropped from a peak in December of about 9 NTU* to near normal levels of about 1 NTU *[*Nephelometric Turbidity Unit-a unit of measurement of the clarity of water that is based on the passage of light through water]*.

Work on the lower reach of Hazeltine Creek is nearly complete. The channel is shaped and armoured, and the flood plain reshaped and covered. Planting and seeding of the lower reach is underway.

On the upper reaches of Hazeltine Creek, work includes installation of an outlet structure downstream of Polley Lake allowing the water flow into Hazeltine Creek to be controlled. Access roads required for work on reconstructing the upper reach channel are complete, as is the majority of channel shaping and armouring. At the end of April, repair work on the perimeter embankment was completed to an elevation of 950 metres. The breach repair included the installation of a slurry cut-off wall to reduce seepage.

After receipt of screening comments, a revised application for restart of the concentrator to treat four million tonnes ore and place tailings into the Springer pit was submitted on March 20, 2015.

Huckleberry Mine

Throughput for the 2015 first quarter was 1.57 million tonnes, almost double the 897,065 tonnes achieved in the 2014 comparative quarter. Production in 2014 was impacted by the SAG mill bull gear failure. The copper grade was also higher in the 2015 first quarter over the comparable 2014 quarter. Copper production was up 93% in the current quarter compared to the March 2014 quarter. Mill throughput is on an upward trend and averaged 19,337 tonnes per day in March.

Production*	Three Months Ended March 31	
	2015	2014
Ore milled – tonnes	1,566,495	897,065
Ore milled per calendar day – tonnes	17,406	9,967
Grade % – copper	0.346	0.307
Recovery % – copper	88.9	90.5
Copper – lbs	10,627,084	5,502,884
Gold - oz	816	452
Silver – oz	53,972	30,435

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

Red Chris Mine

Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced on February 17, 2015. The initial shipment of copper concentrate was shipped from the Port of Stewart on April 11, 2015. Mill throughput averaged slightly over 20,000 tonnes per day in March. The design throughput of 30,000 tonnes per day was exceeded four times since the start of grinding operations.

Production	Three Months Ended March 31 2015
Ore milled - tonnes	815,771
Grade % - copper	0.443
Grade g/t - gold	0.254
Recovery % - copper	59.21
Recovery % - gold	31.63
Copper - lbs	4,720,000
Gold - oz	2,110

Since mid-April production has been reduced due to a shortage of clean water in the tailings impoundment. As a result of delays caused by two blockades during construction, the tailings dam crest was not raised to the planned elevation in 2014 and consequently, less water was stored so the tailing storage facility (TSF) could meet free board requirements to contain the design flood event. Tailings dam construction has restarted, and with the commencement of spring run-off the water supply shortage will be rectified as snow melt is collected in the TSF. Authorization to allow discharge of tailings prior to the issuance of an amended Environmental Management Act (EMA) permit has been extended to June 15, 2015. Additional information has been provided to the Ministry of Environment (MoE) regarding the EMA amendment, and the application has been accepted for final review.

Sterling Mine

Underground mine operations in the 144 zone are complete. Underground exploration in the 144 zone continues with diamond drilling and limited underground drifting to establish drill stations. The heaps are still being operated and gold will continue to be recovered for several months. A total of 624 ounces of gold were shipped from site during the quarter.

Outlook

At Mount Polley, major earthmoving portions of the rehabilitation work, the repair of the breach and restoration of the Hazeltine Creek channel, are largely complete. As this work is completed, there have and will continue to be additional layoffs at Mount Polley.

With the installation of two settling ponds, a control structure for the discharge from Polley Lake and the Hazeltine Creek channel construction and armouring, the turbidity of water entering Quesnel Lake has been greatly reduced. The turbidity in Quesnel River at Likely is approaching normal levels around 1 NTU. Permitting a restart of processing operations utilizing the Springer pit to store approximately 4 million tonnes of tailings is underway. The Company is hopeful the permit will be approved this summer, allowing for the rehiring of employees to restart processing operations.

The Huckleberry plant is operating well and the anticipated increase in throughput while treating the softer Main zone ores is occurring. In March the throughput average was 19,337 tonnes per day. Due to lower copper prices and changes to exchange rates further work on optimizing the mine plan is underway. A temporary stockpile is being permitted to reduce haulage distances in the near term allowing for deeper higher grade Main zone ores to be mined earlier.

At Sterling, the required authorizations from the State of Nevada to expand the heap leach pad and commence open pit mining have been received. The Company awaits approval of the environmental assessment for the open pit mine from the Bureau of Land Management. The heap will continue to recover gold for a few more months, and a small amount of underground exploration work continues in the 144 zone attempting to expand the mineralization.

At Red Chris an average throughput of 20,000 tonnes per day was achieved in March, which is two-thirds of the design throughput of 30,000 tonnes per day. Initially copper recoveries have been lower than design, averaging 59.8% in March. To increase copper recovery performance of the primary ball mill is being improved to generate a finer grind.

Since mid-April production has been reduced due to a shortage of clean water in the tailings impoundment. As a result of delays caused by two blockades during construction, the tailings dam crest was not raised to the planned elevation in 2014 and consequently, less water was stored so the TSF could meet free board requirements to contain the design flood event. Tailings dam construction has restarted, and with the commencement of spring run-off the water supply shortage will be rectified as snow melt is collected in the TSF.

Authorization to allow discharge of tailings prior to the issuance of an amended EMA permit has been extended to June 15, 2015. Additional information has been provided to the MoE regarding the EMA amendment, and the application has been accepted for final review.

An impact and benefit co-management agreement between Red Chris and the Tahltan Nation was ratified in an online referendum receiving 87% approval from those who voted. We continue to work together with the Tahltan Nation, whose cooperation has been instrumental in the construction of the Red Chris mine.

Now that operations have started at Red Chris the focus will be to begin optimizing the process to achieve design recoveries and operating time, and completion of tailings dam construction on schedule to provide the capacity to store tailings and collect spring run-off to provide operating water.

Brian Kynoch
President

Management's Discussion & Analysis

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation ("Imperial", the "Company", "we", "us" or "our") should be read with the unaudited Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2015 including the notes thereto ("the Interim Financial Statements"), as well as the audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2014. The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34, Interim Financial Reporting. The reporting currency of the Company is the Canadian ("CDN") Dollar.

Forward-Looking Information 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, 2015, and plans for the future based on facts and circumstances as of May 14, 2015. Except for statements of historical fact relating to the Company, including our 50% interest in Huckleberry, certain information contained herein constitutes forward-looking information which are prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this MD&A includes, without limitation, statements regarding: mine plans; costs and timing of current and proposed exploration and development; production and marketing; capital expenditures; future expenses and scope relating to timing of ongoing recovery, remediation, rehabilitation and restoration activities at the Mount Polley mine; use of proceeds from financings and credit facilities; expectations relating to the start-up and operation of the Red Chris mine and costs associated therewith; adequacy of funds for projects and liabilities; expectations relating to the receipt of insurance proceeds; outcome and impact of litigation; cash flow; working capital requirements; expectations relating to the requirement for additional capital; expectations relating to results of operations, production, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates and impact; future accounting changes; and future prices for marketable securities.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which Imperial operates, including assumptions that: Imperial will be able to advance and complete recovery, remediation, rehabilitation and restoration activities within expected timeframes; that there will be no significant delay or other material impact on the expected timeframes on costs for completion of remediation and restoration of the Mount Polley mine and the recommencement of operations at the mine; that Imperial's initial recovery activities will be successful in the long term; that all required permits, approvals and arrangements to proceed with planned remediation and restoration will be obtained in a timely manner; that there will be no interruptions that will materially delay Imperial's progress with its remediation plans; that there will be no material delay in the ramp-up of the Red Chris mine; that insurance proceeds will be available to contribute materially to the remediation at the Mount Polley mine; that equipment will operate as expected; that the Company's use of derivative instruments will enable to Company to achieve expected pricing protection; that there will be no material adverse change in the market price of commodities and exchange rates; and that the Red Chris mine will achieve expected production outcomes (including with respect to mined grades and mill recoveries); that Imperial will be successful in obtaining a waiver or extension under its Senior Credit Facility; that Imperial will have access to capital as required. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. We can give no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause Imperial's actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements constituting forward-looking information.

Important risks that could cause Imperial's actual results, revenues, performance or achievements to differ materially from Imperial's expectations include, among other things: that the Company will be unable to obtain a waiver or extension under its Senior Credit Facility and will be in default thereunder; that additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; uncertainty regarding the outcome of sample testing and analysis being conducted on the area affected by the tailings dam breach; risks relating to the timely receipt of necessary approvals and consents to proceed with the remediation plan; risks relating to the remaining costs and liabilities relating to the tailings dam breach; uncertainty as to actual timing of completion of recovery, remediation and restoration activities and the recommencement of commercial operations at the Mount Polley mine; risks relating to the impact of the tailings dam breach on Imperial's reputation; the quantum of claims, fines and penalties that become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risk of costs arising from any unforeseen longer-term environmental consequences of the tailings dam breach at Mount Polley mine; risks of protesting activity and other civil disobedience restricting access to the Company's properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest, power shortages, natural phenomena such as weather conditions negatively impacting the operation of the Red Chris mine; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); and other hazards and risks disclosed within the Management's Discussion and Analysis for the year ended December 31, 2014 and other public filings which are available on Imperial's profile on SEDAR at *www.sedar.com*. For the reasons set forth above, investors should not place undue reliance on forward-looking information. Imperial does not undertake to update any forward looking information, except in accordance with applicable securities laws.

Significant Events and Liquidity

The Company's 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 service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due.

The August 4, 2014 tailings dam breach at the Mount Polley mine has resulted in the loss of production from the mine, which was the primary source of cash flow for the Company, for an indeterminate period of time. In the quarter ended March 31, 2015 the Company incurred $17.1 million for remediation and restoration costs. To March 31, 2015 an aggregate of $58.6 million has been spent on rehabilitation, remediation and restoration at the Mount Polley mine following the tailings dam breach. Since the breach to March 31, 2015, insurance recoveries of $14.0 million have been received to offset a portion of these costs. Income and mining tax recoveries have also been recorded in connection with these costs. The provision for remediation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

On January 30, 2015, the independent panel investigating the Mount Polley tailings embankment failure released its report. The report concluded that the failure was sudden and without warning. It also concluded the failure was due to the fact that the independent engineer's design did not take into account the strength of the glacio-lacustrine layer approximately eight metres below the foundation of the embankment.

At March 31, 2015, the Company had cash of $6.5 million and a working capital deficiency of $35.6 million. Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced in February 2015. However, due to production slowdowns related to temporarily reduced water supply, it will take additional time for the mine to consistently achieve design levels of throughput and production. As a result, the Company will not be able to meet the June 1, 2015 date for completion under the Senior Credit Facility. The Company is in discussions with its lenders to extend the date for it to achieve completion. However, without a waiver or extension from its lenders the Company will be in default under the Senior Credit Facility effective June 1, 2015.

The Company is reviewing alternatives for additional sources of financing to provide funding until the Red Chris mine is generating sufficient cash flow. However, there can be no assurance that financing will be available on terms acceptable to the Company or at all. The projected cash flow from the Red Chris mine when operating at design capacity together with anticipated insurance proceeds as well as the available credit facilities and additional sources of financing should be sufficient to fund the remaining estimated remediation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation and restoration at the Mount Polley mine. A default under the Senior Credit Facility without securing additional adequate financing would have a material adverse impact on the Company's financial condition and results of operations and its ability to operate as a going concern. Management is working diligently to secure additional financing on terms acceptable to the Company.

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 $1.5 million in the March 2015 quarter compared to $51.3 million in the 2014 comparative 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 the copper price will settle at a future date. The revenue in the current quarter represents primarily gold sales from the Sterling gold mine. The decrease in revenue in the March 2015 quarter from the 2014 comparative quarter is due to the absence of concentrate sales from the Mount Polley mine due to suspension of operations on August 4, 2014 as a result of the tailings dam breach. There were two concentrate shipments in the March 2014 comparative quarter from the Mount Polley mine.

The London Metals Exchange cash settlement copper price per pound averaged US$2.64 in the March 2015 quarter compared to US$3.19 in the March 2014 quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,219 in the March 2015 quarter compared to US$1,294 in the March 2014 quarter. The CDN Dollar weakened by 11.1% compared to the US Dollar in the March 2015 quarter over the March 2014 quarter. In CDN Dollar terms the average copper price in the March 2015 quarter was CDN$3.28 per pound compared to CDN$3.52 per pound in the March 2014 quarter and the average gold price in the March 2015 quarter was CDN$1,513 per ounce compared to CDN$1,428 per ounce in the March 2014 quarter.

Revenue in the March 2015 quarter was decreased by a $0.1 million negative revenue revaluation compared to a negative revenue revaluation of $1.1 million in the March 2014 quarter. Negative revenue revaluations are the result of the metal prices on the settlement date and/or the current period balance sheet date being lower than when the revenue was initially recorded or the metal price at the last balance sheet date.

In the March 2015 quarter the Company recorded a $1.7 million loss from mine operations compared to income of $15.9 million in the March 2014 quarter. The reduction was a result of the suspension of the Mount Polley mine operations in August 2014.

The net loss for the March 2015 quarter was $33.4 million ($0.45 per share) compared to net income of $5.9 million ($0.08 per share) in the 2014 comparative quarter. The variation in net income in the March 2015 quarter compared to the March 2014 quarter is attributable to the loss of production from suspension of Mount Polley mine operations, related idle mine costs, foreign exchange losses and gains and losses on derivative instruments.

The March 2015 quarter net loss included foreign exchange losses related to changes in CDN/US Dollar exchange rates of $39.1 million compared to foreign exchange losses of $0.5 million in the 2014 comparative quarter. The $39.1 million foreign exchange loss is comprised of a $34.4 million loss on the senior notes, a $3.9 million loss on long term equipment loans, and a loss of $0.8 million on operational items. The average CDN/US Dollar exchange rate in the March 2015 quarter was 1.241 compared to an average of 1.103 in the March 2014 quarter.

In the March 2015 quarter the Company recorded net gains on derivative instruments of $13.7 million compared to net losses of $2.1 million in the March 2014 quarter. In the March 2015 quarter the Company recorded a gain, primarily unrealized, of $12.7 million on the foreign currency swap due to an increase in the CDN/US Dollar exchange rate compared to the exchange rate at December 31, 2014. The decrease in the gold price compared to the price in the derivative instrument contracts entered into during the current quarter or the gold price at December 31, 2014 for derivative instrument contracts entered into before January 1, 2015 resulted in a gain of $1.0 million, primarily unrealized, for gold derivative instruments in the March 2015 quarter compared to a $0.7 million unrealized gain related to copper and gold derivative instruments in the March 2014 quarter.

The Company recorded a $0.6 million equity loss as its share of Huckleberry's net loss during the March 2015 quarter compared to a $1.3 million equity loss in the March 2014 quarter. Although Huckleberry had two shipments in the March 2014 quarter compared to only one shipment in the March 2015 quarter, the higher loss in the March 2014 quarter was the result of the bull gear failure that occurred in the 2014 quarter.

The Company incurred a pre-tax loss of $36.6 million in the March 2015 quarter which resulted in a $3.2 million recovery of income and mining taxes compared to a $4.2 million expense in the March 2014 quarter when the Company had pre-tax income of $10.1 million.

Cash flow was negative $6.1 million in the March 2015 quarter compared to positive cash flow of $20.3 million in the March 2014 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 $44.7 million in the March 2015 quarter, down from $96.8 million in the March 2014 quarter. The expenditures in the March 2015 quarter were financed by cash flow from long term debt. At March 31, 2015 the Company had $6.5 million in cash (December 31, 2014-$19.9 million). The Company had $7.3 million of short term debt at March 31, 2015 (December 31, 2014-$nil).

Selected Annual Financial Information

expressed in thousands, except per share amounts	Three Months Ended March 31	
	2015	2014
Total Revenues	$1,533	$51,335
Net (Loss) Income	$(33,384)	$5,857
Net (Loss) Income per share	$(0.45)	$0.08
Diluted (Loss) Income per share	$(0.45)	$0.08
Adjusted Net (Loss) Income [1]	$(8,012)	$6,899
Adjusted Net (Loss) Income per share [1]	$(0.11)	$0.09
Adjusted EBITDA[1]	$(6,145)	$19,684
Working Capital Deficiency [2]	$35,569	$21,748
Total Assets	$1,394,389	$1,082,783
Total Long Term Debt (including current portion)	$818,815	$463,922
Cash dividends declared per common share	$0.00	$0.00
Cash Flow [1]	$(6,061)	$20,317
Cash Flow per share [1]	$(0.08)	$0.27

(1) Refer to Non-IFRS Financial Measures for further details.
(2) Defined as current assets less current liabilities.

Non-IFRS Financial Measures

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

Adjusted net income, Adjusted EBITDA and cash flow are not generally accepted earnings measures and should not be considered as an alternative to net income (loss) and cash flows as determined in accordance with IFRS. As there is no standardized method of calculating these measures, these measures may not be directly comparable to similarly titled measures used by other companies. Reconciliations are provided below.

Adjusted Net Income

Adjusted net loss in the March 2015 quarter was $8.0 million ($0.11 per share) compared to an adjusted net income of $6.9 million ($0.09 per share) in the March 2014 quarter. Adjusted net income shows the financial results excluding the effect of items not settling in the current period and non-recurring items. 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.

expressed in thousands, except per share amounts	Three Months Ended March 31	
	2015	2014
Net (Loss) Income as Reported	$(33,384)	$5,857
Unrealized (gain) loss on derivative instruments, net of tax [a]	(11,296)	1,545
Unrealized foreign exchange loss (gain) on non-current debt, net of tax [b]	36,668	(503)
Adjusted Net (Loss) Income	$(8,012)	$6,899
Adjusted Net (Loss) Income Per Share	$(0.11)	$0.09

(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. Tax recoveries on unrealized capital losses are recorded only to the extent that they are expected to be realized by offset against available capital gains.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, taxes and depletion and depreciation and as adjusted for the other 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 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 (loss) income to Adjusted EBITDA is as follows:

expressed in thousands	Three Months Ended March 31	
	2015	2014
Net (Loss) Income[(a)]	$(33,384)	$5,857
Adjustments:		
Income and mining tax (recovery) expense	(3,218)	4,214
Interest expense	2,666	-
Depletion and depreciation	1,577	6,497
Accretion of future site reclamation provisions	211	157
Unrealized (gains) losses on derivative instruments	(13,083)	2,101
Share based compensation	106	222
Foreign exchange losses	39,138	538
Revaluation losses on marketable securities	49	87
(Gains) losses on sale of mineral properties	(207)	11
Adjusted EBITDA[(a)]	$(6,145)	$19,684

(a) Net income and Adjusted EBITDA includes our 50% portion of the net income from Huckleberry in accordance with 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 year.

The calculation of cash flow and cash flow per share is as follows:

expressed in thousands, except share and per share amounts	Three Months Ended March 31	
	2015	2014
(Loss) Income Before Taxes	$(36,602)	$10,071
Items not affecting cash flows		
Equity loss in Huckleberry	593	1,308
Depletion and depreciation	1,577	6,497
Share based compensation	106	222
Accretion of future site reclamation provisions	211	157
Unrealized foreign exchange losses (gains)	38,628	(138)
Unrealized (gains) losses on derivative instruments	(13,083)	2,101
Interest expense	2,666	-
Other	(157)	99
Cash Flow	$(6,061)	$20,317
Basic Weighted Average Number of Common Shares Outstanding	74,968,768	74,836,549
Cash Flow Per Share	$(0.08)	$0.27

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 Red Chris mine will be included in the calculation once it reaches commercial production.

The cash cost per pound of copper produced is derived from the sum of cash production costs, transportation and offsite costs, treatment and refining costs, net of by-product and other revenues, divided by the number of pounds of copper produced during the period.

Cash costs of production include direct labour, operating materials and supplies, equipment and mill costs, and applicable overhead. Offsite costs include transportation, warehousing, marketing, and related insurance. Treatment and refining costs are costs for smelting and refining concentrate.

Treatment and refining costs applicable to the concentrate produced during the period are calculated in accordance with the contracts the Company has with its customers.

By-product and other revenues represent (i) revenue calculated based on average metal prices for by-products produced during the period based on contained metal in the concentrate; and (ii) other revenues as recorded during the period.

Cost of sales, as reported on the consolidated statement of comprehensive income, includes depletion and depreciation and share based compensation, non-cash items. These items, along with management fees charged by the Company to Huckleberry, are removed from cash costs. The resulting cash costs are different than the cost of production because of changes in inventory levels and therefore inventory and related transportation and offsite costs are adjusted from a cost of sales basis to a production basis. The cash costs for copper produced are converted to US$ using the average US$ to CDN$ exchange rate for the period divided by the pounds of copper produced to obtain the cash cost per pound of copper produced in US$.

Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: ore grade, metal recoveries, amount of waste allocated to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US$ to CDN$ exchange rate and the amount of copper produced. Idle mine costs during the periods when the Mount Polley and Huckleberry mines were not in operation have been excluded from the cash cost per pound of copper produced.

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

Estimated Cash Cost Per Pound of Copper Produced

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

	Three Months Ended March 31, 2015					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	**B**			**C=A+B**
Cost of Sales	$16,477	$8,239	$ -	$3,246	$3,246	$8,239
Less:						
Depletion and depreciation	(2,836)	(1,418)	-	(173)	(173)	(1,418)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(149)	(75)	-	-	-	(75)
Cash costs before adjustment to production basis	13,492	6,746	-	$3,073	$3,073	6,746
Adjust for inventory change	8,439	4,219	-			4,219
Adjust transportation and offsite costs	1,269	634	-			634
Treatment and refining costs	4,068	2,034	-			2,034
By-product and other revenues	(2,355)	(1,177)	-			(1,177)
Cash cost of copper produced in Cdn$	24,913	12,456	-			12,456
US$ to Cdn$ exchange rate	*1.2412*	*1.2412*	*1.2412*			*1.2412*
Cash cost of copper produced in US$	20,072	10,035	-			10,035
Copper produced - lbs	*10,627*	*5,314*	-			*5,314*
Cash cost per pound of copper produced in US$	$1.89	$1.89	-			$1.89

	Three Months Ended March 31, 2014					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	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

Derivative Instruments

In the three month period ending March 31, 2015 the Company recorded net gains of $13.7 million on derivative instruments, comprised of a $12.7 million net gain related to the CDN/US currency swap and a $1.0 million net gain on gold derivatives. This compares to a net loss of $2.1 million in the March 2014, comprised of a $2.8 million loss related to the CDN/US currency swap and a $0.7 million net gain on copper and gold 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 $0.3 million on foreign currency swaps and realized gains on gold contracts of $0.3 million in the March 2015 quarter, compared to realized gains of under $0.1 million on copper and gold contracts in the March 2014 quarter. 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, with the adjustment resulting from the revaluation being charged to the statement of income as a gain or loss.

The Company has utilized a variety of derivative instruments including the purchase of puts, forward sales, currency swaps and the use of min/max zero cost collars. The Company's income or loss from derivative instruments may be very volatile from period to period as a result of changes in the copper and gold prices and CDN/US exchange rates 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.

The Company has no derivative instruments for copper at March 31, 2015. At March 31, 2015 the Company has hedged 69,300 ounces of gold for the balance of 2015 via min/max zero cost collars.

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, 2015 CDN/US Dollar exchange rate the Company had an unrealized gain of $16.3 million on the derivative instruments related to the swap.

Future changes in the CDN/US Dollar exchange rate could have a material impact on the valuation of the cross currency swap however this gain or loss will be more than offset by the foreign exchange gain or loss on the Notes.

DEVELOPMENTS DURING THE MARCH 2015 QUARTER

General

The London Metals Exchange cash settlement copper price per pound averaged US$2.64 in the March 2015 quarter compared to US$3.19 in the March 2014 quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,219 in the March 2015 quarter compared to US$1,294 in the March 2014 quarter. The CDN Dollar weakened by 11.1% compared to the US Dollar in the March 2015 quarter over the March 2014 quarter. In CDN Dollar terms the average copper price in the March 2015 quarter was CDN$3.28 per pound compared to CDN$3.52 per pound in the March 2014 quarter and the average gold price in the March 2015 quarter was CDN$1,5123 per ounce compared to CDN$1,428 per ounce in the March 2014 quarter.

Mount Polley Mine

Development and capital expenditures at Mount Polley were $8.2 million in the March 2015 quarter compared to $14.2 million in the March 2014 quarter. Expenditures in the March 2015 quarter were for tailings dam construction. There were no exploration expenditures in the March 2015 quarter compared to $2.2 million in the March 2014 quarter.

Mount Polley employees and a team of experts continue rehabilitation and restoration work in the areas affected by the August 2014 breach of the tailings embankment. Two sediment ponds installed in the lower Hazeltine Creek have resulted in significant turbidity reduction in the water entering into Quesnel Lake. The turbidity in Quesnel River has dropped from a peak in December of about 9 NTU* to near normal levels of about 1 NTU *[*Nephelometric Turbidity Unit-a unit of measurement of the clarity of water that is based on the passage of light through water]*.

Work on the lower reach of Hazeltine Creek is nearly complete. The channel is shaped and armoured, and the flood plain reshaped and covered. Planting and seeding of the lower reach is underway.

On the upper reaches of Hazeltine Creek, work includes installation of an outlet structure downstream of Polley Lake allowing the water flow into Hazeltine Creek to be controlled. Access roads required for work on reconstructing the upper reach channel are complete, as is the majority of channel shaping and armouring. At the end of April, repair work on the perimeter embankment was completed to an elevation of 950 metres. The breach repair included the installation of a slurry cut-off wall to reduce seepage.

After receipt of screening comments, a revised application for restart of the concentrator to treat four million tonnes ore and place tailings into the Springer pit was submitted on March 20, 2015.

Huckleberry Mine

Development and capital expenditures at Huckleberry were $6.7 million in the March 2015 quarter compared to $9.9 million in the March 2014 quarter.

Huckleberry revenues in the March 2015 quarter were $14.8 million compared to $27.6 million in the 2014 comparative quarter. Huckleberry had only one shipment of concentrate in the March 2015 quarter compared to two shipments in the March 2014 quarter.

Throughput for the 2015 first quarter was 1.57 million tonnes, almost double the 897,065 tonnes achieved in the 2014 comparative quarter. Production in 2014 was impacted by the SAG mill bull gear failure. The copper grade was also higher in the 2015 first quarter over the comparable 2014 quarter. Copper production was up 93% in the current quarter compared to the March 2014 quarter. Mill throughput is on an upward trend and averaged 19,337 tonnes per day in March.

Red Chris Mine

Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced on February 17, 2015. The initial shipment of copper concentrate was shipped from the Port of Stewart on April 11, 2015. Mill throughput averaged slightly over 20,000 tonnes per day in March. The design throughput of 30,000 tonnes per day was exceeded four times since the start of grinding operations.

In accordance with the Company’s accounting policy, revenue and expenses for the Red Chris mine in the preproduction period will be capitalized to mineral property until commercial production is reached.

Development and capital expenditures including commission and preproduction operations and capitalized interest of $11.4 million were $36.2 million in the March 2015 quarter compared to $80.2 million related to construction costs, including $6.5 million of capitalized interest in the March 2014 quarter.

Since mid-April production has been reduced due to a shortage of clean water in the tailings impoundment. As a result of delays caused by two blockades during construction, the tailings dam crest was not raised to the planned elevation in 2014 and consequently, less water was stored so the TSF could meet free board requirements to contain the design flood event. Tailings dam construction has restarted, and with the commencement of spring run-off the water supply shortage will be rectified as snow melt is collected in the TSF. Authorization to allow discharge of tailings prior to the issuance of an amended EMA permit has been extended to June 15, 2015. Additional information has been provided to the MoE regarding the EMA amendment, and the application has been accepted for final review.

Sterling Mine

There were no exploration and development expenditures at Sterling in the March 2015 quarter compared to a net recovery of $0.2 million in the 2014 comparative quarter.

Underground exploration in the 144 zone continues with diamond drilling and limited underground drifting to establish drill stations. The heaps are still being operated and gold will continue to be recovered for several months. A total of 624 ounces of gold were shipped from site during the quarter.

Ruddock Creek

Exploration and development expenditures at Ruddock Creek were $0.1 million in the March 2015 quarter compared to $0.1 million in the 2014 comparative quarter.

RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2014

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, 2015 and the audited consolidated financial statements of the Company for the year ended December 31, 2014.

FINANCIAL RESULTS

Overview

Revenues were $1.5 million in the March 2015 quarter compared to $51.3 million in the 2014 comparative 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.

In the March 2015 quarter the Company recorded a $1.7 million loss from mine operations compared to income of $15.9 million in the 2014 comparative quarter. There were no shipments in the 2015 quarter from the Mount Polley due to suspension of operations at the Mount Polley mine in August 2014 due to the tailings dam breach.

Net loss for the quarter ended March 31, 2015 was $33.4 million ($0.45 per share) compared to net income of $5.9 million ($0.08 per share) in the 2014 comparative quarter. In addition to variances in revenues and income from mine operations described above, variations in net income period over period are normally 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	
	2015	2014
Copper 000's pounds sold	*Nil*	*10,735,325*
Gold ounces sold	*954*	*13,594*
Revenue before revaluation	$1,626	$52,476
Revenue revaluation	(93)	(1,141)
	$1,533	$51,335

Revenue in the current quarter is primarily from gold sales from the Sterling gold mine. The large decrease in revenue in the March 2015 quarter compared to March 2014 quarter is due to the suspension of operations at the Mount Polley mine as a result of the tailings dam breach on August 4, 2014. There were two concentrate shipments in the March 2014 comparative quarter from the Mount Polley mine.

In accordance with the Company's accounting policy, revenue and expenses for the Red Chris mine in the preproduction period will be capitalized to mineral property until commercial production is reached.

In US Dollars, copper prices were about 17% lower in the March 2015 quarter than in the 2014 comparative quarter, averaging about US$2.64 per pound compared to US$3.19 per pound. The US Dollar strengthened against the CDN Dollar during the 2015 quarter. Factoring in the average exchange rate, the price of copper averaged CDN$3.28 per pound in the March 2015 quarter about 6.8% lower than the March 2014 quarter average of CDN$3.52 per pound. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,218 in the March 2015 quarter compared to US$1,294 in the 2014 comparative quarter. Factoring in the average exchange rate, the price of gold averaged CDN$1,512 per ounce in the March 2015 quarter about 5.9% higher than the 2014 comparative quarter average of CDN$1,428 per ounce.

Cost of Sales

expressed in thousands of dollars	Three Months Ended March 31	
	2015	2014
Operating expenses	$1,614	$16,893
Salaries, wages and benefits	1,429	12,214
Depletion and depreciation	173	6,319
Share based compensation	-	17
	$3,246	$35,443

General and Administration Costs

expressed in thousands of dollars

	Three Months Ended March 31	
	2015	2014
Administration	$1,251	$1,255
Share based compensation	49	205
Depreciation	179	178
Foreign exchange loss	807	845
	$2,286	$2,483

General and administration costs decreased slightly in the March 2015 quarter compared to the 2014 comparative quarter as share based compensation expense declined from 2014 as there were no new option grants.

The average CDN/US Dollar exchange rate for the March 2015 quarter was 1.241 compared to 1.103 in the 2014 comparative quarter. Gains and losses are attributable to holding US Dollar denominated cash, accounts receivable, and accounts payable. These net US Dollar asset and liability balances are the result of the activities at the Red Chris and Mount Polley mines.

Finance Costs

expressed in thousands of dollars

	Three Months Ended March 31	
	2015	2014
Gains (losses) on derivative instruments	$13,695	$(2,087)
Foreign exchange (loss) gain on short term and non-current debt	(38,331)	307
Interest expense	(2,666)	-
Other	(224)	(239)
	$(27,526)	$(2,019)

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 gain of $13.7 million during the three months ending March 2015 compared to a loss of $2.1 million in the comparative March 2014 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 $11.4 million was capitalized to construction in progress during the March 2015 quarter as a result of the construction and commissioning at the Red Chris mine. In the 2014 comparative quarter $6.5 million was capitalized.

At March 31, 2015, the Company had US Dollar denominated debt of US$365.0 million compared to US$369.0 in the March 2014 quarter.

Foreign exchange movements during the 2015 quarter, including the foreign exchange rate at quarter end, resulted in total foreign exchange losses of $39.1 million in the March 2015 quarter compared to a $0.5 million loss in the 2014 comparative quarter. The March 2015 foreign exchange loss is comprised primarily of a $34.3 million loss on the senior notes and a $3.9 million loss on long term equipment loans.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was a $0.6 million loss in the March 2015 quarter compared to a $1.3 million loss on the 2014 comparative quarter. The decline was primarily due to lower shipment volumes and lower metal prices.

stated 100% - Imperial's equity share is 50% *expressed in thousands of dollars, except quantity amounts*	Three Months Ended March 31 2015	 2014
Copper pounds sold	*5,762,159*	*9,640,968*
Revenue before revaluations	$17,299	$32,235
Revenue revaluation	(2,551)	(4,641)
	14,748	27,594
Cost of sales	(16,477)	(29,051)
Loss from mine operations	(1,729)	(1,457)
Other	429	606
Idle mine costs	-	(3,516)
Income loss before taxes	(1,300)	(4,367)
Income and mining tax recovery	115	1,750
Net Loss	($1,185)	$(2,617)

Income and Mining Tax (Recovery) Expense

expressed in thousands of dollars	Three Months Ended March 31 2015	 2014
Current Taxes		
Income tax expense	$25	$29
BC Mineral tax expense	-	337
	25	366
Deferred Taxes		
Income tax (recovery) expense	(884)	3,167
BC Mineral Tax (recovery) expense	(2,359)	681
	(3,243)	3,848
	$(3,218)	$4,214

The effective tax rate for the March 2015 quarter was 8.9% compared to 37.0% in the March 2014 quarter. For the March 2015 quarter foreign exchange losses on debt represented a significant portion of loss before taxes. These losses are taxed is at 50% of the normal income tax rate. The lower than expected tax recovery in the March 2015 quarter was primarily the result of not recording a tax recovery on unrealized foreign exchange losses due to the uncertainly of realizing gains on foreign exchange in the future.

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 2014.

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, equity, component of convertible debenture and retained earnings.

At March 31, 2015 the Company is in compliance with the debt covenants related to its short term debt, credit facilities with counterparties, and non-current debt. Refer to discussion on Liquidity Risk.

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, 2014.

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.

The tailings dam breach at the Mount Polley mine has resulted in the loss of production from the mine for an indeterminate period of time. In addition, the Company continues to incur costs for rehabilitation and restoration. While the precise future cost of rehabilitation and restoration are presently unknown, the Company believes the costs can be managed over time, given the underlying value of the Company's assets, the current sources of liquidity, anticipated insurance proceeds and the expected cash flow from the Red Chris mine.

At March 31, 2015, the Company had cash of $6.5 million and a working capital deficiency of $35.6 million. Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced in February 2015. However, due to production slowdowns related to temporarily reduced water supply, it will take additional time for the mine to consistently achieve design levels of throughput and production. As a result, the Company will not be able to meet the June 1, 2015 date for completion under the Senior Credit Facility. The Company is in discussions with its lenders to extend the date for it to achieve completion. However, without a waiver or extension from its lenders the Company will be in default under the Senior Credit Facility effective June 1, 2015.

The Company is reviewing alternatives for additional sources of financing to provide funding until the Red Chris mine is generating sufficient cash flow. However, there can be no assurance that financing will be available on terms acceptable to the Company or at all. The projected cash flow from the Red Chris mine when operating at design capacity together with anticipated insurance proceeds as well as the available credit facilities and additional sources of financing should be sufficient to fund the remaining estimated remediation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation and restoration at the Mount Polley mine. A default under the Senior Credit Facility without securing additional adequate financing would have a material adverse impact on the Company's financial condition and results of operations and its ability to operate as a going concern. Management is working diligently to secure additional financing on terms acceptable to the Company.

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 continues to be higher than normal due to expenditures related to the development and commissioning of the Red Chris mine and as a result of the Mount Polley tailings dam breach. The tailings dam breach removed the Company's primary source of cash flow in 2014 and added the remediation costs to the current obligations of the Company, although the majority of these expected costs were incurred to March 31, 2015. Liquidity risk is expected to improve once the Red Chris mine reaches commercial production. Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

The Company had the following contractual obligations with respect to financial instruments as of March 31, 2015:

expressed in thousands of dollars	Within 1 Year	2 to 3 Years	4 to 5 Years	Over 5 Years	Total
Trade and other payables	$64,721	$ -	$ -	$ -	$64,721
Non-current debt*	14,025	243,664	482,568	115,000	855,257
	$78,746	$243,664	$482,568	$115,000	$919,978

*amounts shown are gross obligations at maturity date

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, 2015 would have been lower/higher by $32.8 million.

Cash Flow

The Company recorded net loss of $33.4 million in 2015 compared to net income of $5.9 million in 2014. Cash flow was negative by $6.1 million in 2015 compared to positive cash flow of $20.3 million in 2014.

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, 2015, the Company had a working capital deficiency, defined as current assets less current liabilities of $35.6 million, an improvement of $19.9 million from the working capital deficiency of $55.5 million at December 31, 2014.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totaled $44.7 million in the March 2015 period compared to $96.9 million in the March 2014 quarter. Acquisition and development expenditures in 2015 were financed from non-current debt.

expressed in thousands of dollars	Three Months Ended March 31 2015	2014
Capital and Development Expenditures		
Mount Polley	$8,235	$14,181
Red Chris (including capitalized interest of $11,437 (2014-$6,463))	36,221	80,192
Sterling	27	65
Other	-	47
	44,483	94,485
Exploration Expenditures		
Mount Polley	-	2,224
Red Chris	3	17
Sterling, net of pre-production revenues	-	(30)
Other	185	150
	188	2,361
	$44,671	$96,846

The reduction in expenditures was primarily due to the Red Chris mine being in the commissioning and preproduction stage in the March 2015 quarter compared to the construction stage in the March 2014 quarter. Expenditures at Red Chris in the March 2015 quarter were comprised of $22.0 million for preproduction operations, $2.8 million for capital items and $11.4 million for capitalized interest.

DEBT AND OTHER OBLIGATIONS

Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding borrowings. At March 31, 2015 the majority of the Company's outstanding borrowings were at fixed interest rates compared to March 31, 2014 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.

The Company had the following contractual obligations as of March 31, 2015:

expressed in thousands of dollars	2015	2016	2017	2018	2019	2020 and beyond	Total
Non-current debt [(1)]	$10,401	$184,009	$60,103	$8,306	$477,438	$115,000	$855,257
Short term debt	7,272	-	-	-	-	-	7,272
Operating leases	728	416	217	-	-	-	1,361
Capital expenditures and other [(2)]	-	28	28	28	28	28	140
Reclamation bonding	-	6,000	5,500	4,000	-	3,800	19,300
Mineral properties [(3)]	278	480	674	973	1,040	-	3,445
	$18,679	$190,933	$66,522	$13,307	$478,506	$118,828	$886,775

(1) Amounts shown are gross obligations at maturity date.
(2) Total is to year 2020 only.
(3) Mineral property commitments are the estimated payments required to keep the Company's claims or option agreements in good standing. Total is to year 2019 only.

Based on current plans and assumptions in March 2015, the Company expects to have sufficient cash resources to support its normal operating and capital requirements on an ongoing basis.

At March 31, 2015 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, 2015 as follows:

expressed in thousands of dollars	Level 1	Level 2	Total
Financial Assets			
Cash	$6,498	$ -	$6,498
Marketable securities	272	-	272
Provisionally priced receivables	-	32	32
Derivative instruments assets	-	20,852	20,852
Future site reclamation deposits	4,425	-	4,425
	$11,195	$20,884	$32,079

SELECT QUARTERLY FINANCIAL INFORMATION

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

				Three Months Ended
	March 31 2015	December 31 2014	September 30 2014	June 30 2014
Total sales including 50% equity share of Huckleberry				
Copper 000's lbs sold	*2,881*	*5,615*	*11,024*	*13,857*
Gold ounces sold	*1,175*	*2,530*	*7,479*	*12,045*
Silver ounces sold	*13,150*	*24,611*	*42,501*	*42,725*
Total sales excluding Huckleberry				
Copper 000's lbs sold	-	*1,057*	*5,006*	*10,665*
Gold ounces sold	*954*	*2,187*	*6,957*	*11,569*
Silver ounces sold	-	*4,043*	*17,205*	*30,972*
Total Revenues	$1,533	$5,841	$22,667	$51,066
Equity (Loss) Income in Huckleberry	$(593)	$(1,295)	$1,851	$1,390
Net (Loss) Income	$(33,384)	$(9,134)	$(49,221)	$15,213
Basic (Loss) Income per share (1)	$(0.45)	$(0.12)	$(0.66)	$0.20
Diluted (Loss) Income per share (1)	$(0.45)	$(0.12)	$(0.66)	$0.20
Adjusted Net (Loss)Income (2)	$(8,012)	$(8,681)	$3,729	$8,899
Adjusted Net (Loss)Income per share(1) (2)	$(0.11)	$(0.12)	$0.05	$0.12
Adjusted EBITDA (2)	$(6,145)	$(4,686)	$9,869	$23,567
Cash Flow (2)	$(6,061)	$10,536	$(59,129)	$21,494
Cash Flow per share (1) (2)	$(0.08)	$0.14	$(0.79)	$0.29
Average LME copper price/lb in US$	$2.64	$3.000	$3.170	$3.080
Average LME gold price/troy oz in US$	$1,219	$1,201	$1,282	$1,289
Average CDN/US$ exchange rate	$1.241	$1.136	$1.089	$1.091
Period end CDN/US$ exchange rate	$1.268	$1.160	$1.121	$1.068

	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*	*13,408*	*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
Basic 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

(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 tables under heading Non-IFRS Financial Measures for details of the calculation of these amounts.

The financial information for each of the most recently completed eight quarters has been prepared in accordance with International Financial Reporting Standards other than in respect of the non-IFRS financial measures described in more detail under the heading Non-IFRS Financial Measures.

Variations in the quarterly results are impacted by four 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 including reductions due to suspension of mine operations, changes in the price of copper, gold and the CDN/US Dollar exchange rate.
(b) Fluctuations in net income or loss are due to the revenue changes described above and realized and unrealized gains/losses on derivative instruments based on movements in the reference item hedged, changes in foreign exchange rates on US Dollar denominated debt, changes in production cost inputs and changes in tax rates.
(c) Remediation costs and related insurance recoveries related to the August 4, 2014 Mount Polley tailings dam breach. While the primary impact of this item was in the September 2014 quarter, the recording of insurance recoveries and any revisions to the remediation provision impacts periods subsequent to September 30, 2014 as insurance proceeds are recorded in the period they are received. Insurance recoveries of $14.0 million were received and recorded in the December 2014 quarter.
(d) Inclusion of Sterling mine operations in the September 2013 quarter upon restart of the mine.

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. The higher net income on the June 2014 quarter is primarily due to foreign exchange gains on revaluation of the Company's US Dollar denominated debt. The large net loss in the September 2014 quarter is primarily due to the Mount Polley tailings dam breach remediation costs. The net loss in the December 2014 quarter is primarily the result of sharply reduced revenue resulting from the suspension of operations at the Mount Polley mine in August 2014 due to the tailings dam breach and higher foreign exchange losses. The higher net loss on the March 2015 quarter is the result of no production or sales from the Mount Polley mine and large foreign exchange losses on revaluation of the Company's US Dollar denominated debt.

RELATED PARTY TRANSACTIONS

Corporate

Details on related party transactions can be found in Note 21 to the Interim Financial Statements for the March 2015 quarter.

OTHER

As of May 14, 2015 the Company had 74,970,268 common shares outstanding, and on a diluted basis 87,541,051 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 over financial reporting as defined under National Instrument 52-109.

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 (1992). Based on this evaluation management has concluded that as of March 31, 2015 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, none of these matters will have a material effect on the Company's condensed consolidated interim financial position or financial performance. At March 31, 2015 the Company has recorded a provision of $8.9 million for future remediation costs related to the Mount Polley mine tailings dam breach.

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the "Claim"). The Company has engaged independent legal counsel to advise it on this matter and intends to vigorously defend the Claim. At this time the Company cannot predict the outcome of the Claim or determine the amount of any potential losses and accordingly, no provision has been made as of March 31, 2015

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, 2014. 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 also include forward-looking information, and our actual results may differ substantially from those discussed in these forward-looking information. See "Forward-Looking Information and Risks Notice".

OUTLOOK

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

Operations, Earnings and Cash Flow

The base and precious metals production allocable to Imperial in 2015 from the Huckleberry mine is estimated to be 22.0 million pounds of copper. An estimate of Red Chris production will be made following the completion of commissioning. Mount Polley production will be estimated once restart of operations has been determined.

Derivative instruments for the period April to December 2015 protect the pricing on 69,300 ounces of gold and about 33% of the foreign exchange movement on the Company's US$325.0 million Notes. However, the quarterly revenues will fluctuate depending on copper and gold prices, the CDN/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 2015 will be limited in scope.

Development

At Mount Polley permitting a restart of processing operations utilizing the Springer pit to store approximately 4 million tonnes of tailings is underway. The Company is hopeful the permit will be approved this summer, allowing the rehiring of employees to restart processing operations.

At Huckleberry work continues on optimizing the mine plan. A temporary stockpile is being permitted to reduce haulage distances in the near term allowing for deeper higher grade Main zone ores to be mined earlier.

Sterling awaits approval of the environmental assessment for the open pit mine from the Bureau of Land Management. The heap will continue to recover gold for a few more months, and a small amount of underground exploration work continues in the 144 zone attempting to expand the mineralization.

Since mid-April production has been reduced due to a shortage of clean water in the tailings impoundment. As a result of delays caused by two blockades during construction, the tailings dam crest was not raised to the planned elevation in 2014 and consequently, less water was stored so the TSF could meet free board requirements to contain the design flood event. Tailings dam construction has restarted, and with the commencement of spring run-off the water supply shortage will be rectified as snow melt is collected in the TSF.

Authorization to allow discharge of tailings prior to the issuance of an amended EMA permit has been extended to June 15, 2015. Additional information has been provided to the MoE regarding the EMA amendment, and the application has been accepted for final review.

Now that operations have started at Red Chris the focus will be to begin optimizing the process to achieve design recoveries and operating time, and completion of tailings dam construction to provide the capacity to store tailings and collect spring run-off to provide operating water.

Acquisitions

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	Notes	March 31 2015	December 31 2014
ASSETS			
Current Assets			
Cash		$6,498	$19,913
Marketable securities		272	321
Trade and other receivables	3	7,801	16,244
Inventory	4	41,645	21,402
Derivative instrument assets	11	4,530	3,691
Prepaid expenses and deposits		1,798	1,936
		62,544	63,507
Derivative Instrument Assets	11	16,322	3,894
Investment in Huckleberry Mines Ltd.	5	92,177	92,770
Mineral Properties	6	1,216,271	1,171,400
Other Assets	7	7,075	6,786
		$1,394,389	$1,338,357
LIABILITIES			
Current Liabilities			
Trade and other payables	8	$64,721	$77,651
Taxes payable		3,300	3,275
Short term debt	9	7,320	-
Provision for remediation costs	16	6,827	23,686
Current portion of non-current debt	10	14,025	12,590
Current portion of future site reclamation provisions		1,920	1,775
		98,113	118,977
Provision for Remediation Costs	16	2,040	2,275
Non-Current Debt	10	804,790	694,257
Future Site Reclamation Provisions		24,543	24,138
Deferred Income Taxes		87,473	90,716
		1,016,959	930,363
EQUITY			
Share Capital	12	123,859	123,859
Share Option Reserve	12	14,574	14,468
Warrant Reserve	12	870	870
Equity Component of Convertible Debenture	10	20,906	20,906
Currency Translation Adjustment		6,589	3,875
Retained Earnings		210,632	244,016
		377,430	407,994
		$1,394,389	$1,338,357
Commitments and Pledges	6, 24		
Contingent Liabilities	25		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on May 14, 2015

"Larry G. Moeller" *"J. Brian Kynoch"*

Larry G. Moeller
Director

J. Brian Kynoch
Director

CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

For the Three Months Ended March 31, 2015 and 2014

Unaudited – Prepared by Management

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

	Notes	Three Months Ended March 31 2015	2014
Revenue		$1,533	$51,335
Cost of Sales	13	(3,246)	(35,443)
(Loss) Income from Mine Operations		(1,713)	15,892
General and Administration	14	(2,286)	(2,483)
Finance Costs	15	(27,526)	(2,019)
Idle Mine Costs		(4,689)	-
Other Income (Expense)		205	(11)
Equity Loss in Huckleberry	5	(593)	(1,308)
(Loss) Income before Taxes		(36,602)	10,071
Income and Mining Tax Recovery (Expense)	17	3,218	(4,214)
Net (Loss) Income		(33,384)	5,857
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment		2,714	1,138
Total Comprehensive (Loss) Income		$(30,670)	$6,995
(Loss) Income Per Share			
Basic	18	$(0.45)	$0.08
Diluted	18	$(0.45)	$0.08
Weighted Average Number of Common Shares Outstanding			
Basic	18	74,968,768	74,836,549
Diluted	18	74,968,768	75,967,022

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2015 and 2014

Unaudited – Prepared by Management

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

	Share Capital							
	Number of Shares	Amount	Share Option Reserve	Warrant Reserve	Equity Component of Convertible Debentures	Currency Translation Adjustment	Retained Earnings	Total
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	-	-	-	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
Balance December 31, 2014	74,968,768	$123,859	$14,468	$870	$20,906	$3,875	$244,016	$407,994
Share based compensation expense	-	-	106	-	-	-	-	106
Total comprehensive income (loss)	-	-	-	-	-	2,714	(33,384)	(30,670)
Balance March 31, 2015	74,968,768	$123,859	$14,574	$870	$20,906	$6,589	$210,632	$377,430

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2015 and 2014

Unaudited – Prepared by Management

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

	Notes	Three Months Ended March 31 2015	2014
OPERATING ACTIVITIES			
(Loss) Income before taxes		$(36,602)	$10,071
Items not affecting cash flows			
Equity loss in Huckleberry		593	1,308
Depletion and depreciation		1,577	6,497
Share based compensation		106	222
Accretion of future site reclamation provisions		211	157
Unrealized foreign exchange losses (gains)		38,628	(138)
Unrealized (gains) losses on derivative instruments		(13,083)	2,101
Interest expense		2,666	-
Other		(157)	99
		(6,061)	20,317
Net change in non-cash operating working capital balances	19	(27,756)	(10,636)
Income and mining taxes paid		-	(722)
Interest paid		(17,259)	(4,842)
Cash (used in) provided by operating activities		(51,076)	4,117
FINANCING ACTIVITIES			
Proceeds of short term debt		7,272	174,576
Repayment of short term debt		-	(307,256)
Proceeds of non-current debt		79,807	480,842
Repayment of non-current debt		(7,897)	(260,820)
Issue of share capital		-	1,871
Other		-	(863)
Cash provided by financing activities		79,182	88,350
INVESTING ACTIVITIES			
Acquisition and development of mineral properties		(33,234)	(90,383)
Net change in non-cash investing working capital balances	19	(8,253)	(3,110)
Proceeds on sale of mineral properties		-	16
Other		(105)	(648)
Cash used in investing activities		(41,592)	(94,125)
EFFECT OF FOREIGN EXCHANGE ON CASH		71	61
DECREASE IN CASH		(13,415)	(1,597)
CASH, BEGINNING OF PERIOD		19,913	3,095
CASH, END OF PERIOD		$6,498	$1,498

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, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

1. NATURE OF OPERATIONS

Imperial Metals Corporation ("Imperial" and/or 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:

- Red Chris copper/gold mine in northwest British Columbia;
- Mount Polley copper/gold mine in central British Columbia;
- Huckleberry copper mine in northern British Columbia;
- Sterling gold mine in southwest Nevada.

These unaudited 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 service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due. The Company has in place a planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans.

The August 4, 2014 tailings dam breach at the Mount Polley mine has resulted in the loss of production from the mine, which was the primary source of cash flow for the Company, for an indeterminate period of time (Note 16).

To March 31, 2015 the Company had incurred $58,568 for response and recovery costs, and rehabilitation and restoration costs. At March 31, 2015 the remaining provision for remediation costs was $8,867. This provision is for rehabilitation and restoration costs expected to be incurred in the future, primarily within the next six months. In the year ended December 31, 2014 a total of $67,435 was charged to expense in respect of the tailings dam breach. Insurance recoveries of $14,000 were received during the year ended December 31, 2014 to offset a portion of these costs. Income and mining tax recoveries have also been recorded in connection with these costs. The provision for remediation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

At March 31, 2015, the Company had cash of $6,498 and a working capital deficiency of $35,569. Following completion of the construction of the Red Chris mine, commissioning of the mill commenced and the first concentrate was produced in February 2015. However, due to production slowdowns related to temporarily reduced water supply, it will take additional time for the mine to consistently achieve design levels of throughput and production. As a result, the Company will not be able to meet the June 1, 2015 date for completion under the Senior Credit Facility (Note (10(a)). The Company is in discussions with its lenders to extend the date for it to achieve completion. However, without a waiver or extension from its lenders the Company will be in default under the Senior Credit Facility effective June 1, 2015.

The Company is reviewing alternatives for additional sources of financing to provide funding until the Red Chris mine is generating sufficient cash flow. However, there can be no assurance that financing will be available on terms acceptable to the Company or at all. The projected cash flow from the Red Chris mine when operating at design capacity together with anticipated insurance proceeds as well as the available credit facilities and additional sources of financing should be sufficient to fund the remaining estimated remediation cost of the tailings dam breach at the Mount Polley mine and the estimated costs associated with the Red Chris mine. However, there are inherent risks associated with the startup of the Red Chris mine and production from the mine after startup as well as uncertainties related to the scope, timing and cost of the rehabilitation and restoration at the Mount Polley mine. A default under the Senior Credit Facility without securing additional adequate financing would have a material adverse impact on the Company's financial condition and results of operations and its ability to operate as a going concern. Management is working diligently to secure additional financing on terms acceptable to the Company.

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

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, 2014, 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, 2015.

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, 2014 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, 2014.

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.

3. TRADE AND OTHER RECEIVABLES

	March 31 2015	December 31 2014
Trade receivables	$7,159	$15,657
Taxes receivable	642	587
	$7,801	$16,244

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per share amounts

4. INVENTORY

	March 31 2015	December 31 2014
Stockpile ore	$4,066	$3,873
Stockpiles and ore under leach	3,009	3,854
Dore	835	1,303
Concentrate	15,558	-
Supplies	18,177	12,372
	$41,645	$21,402

	Three Months Ended March 31 2015	2014
Inventory recognized as expense during the period	$3,066	$26,375
Impairment charges on stockpile ore and stockpiles, and ore under leach included in expense during the period	$1,930	$ -

As at March 31, 2015 the Company had $41,645 (December 31, 2014-$21,402) inventory pledged as security for debt.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2015 and 2014
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share and per 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 two mining leases covering 2,422 hectares and 39 mineral claims encompassing approximately 17,358 hectares.

	Three Months Ended March 31 2015	Year Ended December 31 2014
Balance, beginning of period	$92,770	$92,132
Equity (loss) income for the period	(593)	638
Balance, end of period	$92,177	$92,770

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

Statement of Financial Position *stated 100% - Imperial's equity share is 50%*	March 31 2015	December 31 2014
ASSETS		
Current Assets		
Cash	$15,131	$23,910
Other current assets	32,808	31,640
	47,939	55,550
Mineral Properties	183,662	179,441
Other Non-Current Assets	24,557	24,313
	$256,158	$259,304
LIABILITIES		
Current Liabilities		
Trade and other payables	$10,845	$12,330
Other current liabilities	2,539	6,176
	13,384	18,506
Future Site Reclamation Provisions	48,251	45,394
Other Non-Current Liabilities	10,167	9,863
	71,802	73,763
EQUITY		
Share Capital	57,596	57,596
Retained Earnings	126,760	127,945
	184,356	185,541
	$256,158	$259,304

[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.

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5. INVESTMENT IN HUCKLEBERRY MINES LTD. continued

Statement of Loss and Comprehensive Loss
stated 100% - Imperial's equity share is 50%

	Three Months Ended March 31 2015	2014
Revenue	$14,748	$27,594
Cost of Sales	(16,477)	(29,051)
Loss from Mine Operations	(1,729)	(1,457)
General and Administration Recovery	781	508
Finance (Costs) Income	(352)	97
Idle Mine Costs	-	(3,516)
Loss before Taxes	(1,300)	(4,368)
Income and Mining Tax Expense Recovery	115	1,751
Net Loss and Comprehensive Loss	$(1,185)	$(2,617)

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

	Three Months Ended March 31 2015	2014
OPERATING ACTIVITIES		
Net loss before taxes	$(1,300)	$(4,368)
Items not affecting cash flows		
Depletion and depreciation	2,836	5,413
Unrealized foreign exchange loss	172	205
Unrealized losses on derivative instruments	-	(27)
Other	368	20
	2,076	1,243
Net change in non-cash operating working capital balances	248	11,628
Income and mining taxes paid	(4,021)	(350)
Cash (used in) provided by operating activities	(1,697)	12,521
INVESTING ACTIVITIES		
Acquisition and development of mineral properties	(6,664)	(9,867)
Other	(246)	(1,681)
Cash used in investing activities	(6,910)	(11,548)
EFFECT OF FOREIGN EXCHANGE ON CASH	(172)	(205)
(DECREASE) INCREASE IN CASH	(8,779)	768
CASH, BEGINNING OF PERIOD	23,910	31,583
CASH, END OF PERIOD	$15,131	$32,351

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

5. INVESTMENT IN HUCKLEBERRY MINES LTD. continued

(a) Mineral Properties

	Cost	Accumulated Depletion, Depreciation and Impairment Losses	Net Carrying Amount
Balance December 31, 2013	$493,158	$329,672	$163,486
Additions	37,977	-	37,977
Depletion & Depreciation	-	20,759	(20,759)
Disposals & Impairments	(2,341)	(1,078)	(1,263)
Balance December 31, 2014	528,794	349,353	179,441
Additions	9,675	-	9,675
Depletion & Depreciation	-	5,454	(5,454)
Balance March 31, 2015	$538,469	$354,807	$183,662

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

(b) Derivative Instruments

Huckleberry had no derivative instruments outstanding at March 31, 2015.

(c) Pledged Assets

At March 31, 2015, Huckleberry had pledged cash deposits of $14,165 (December 31, 2014-$14,165) and certain mining equipment with a net book value of $15,140 (December 31, 2014-$16,000) 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 2015	Year Ended December 31 2014
Balance, beginning of period	$45,716	$39,022
Accretion	381	1,639
Costs incurred during the period	(12)	(488)
Change in estimates of future costs and discount rate	2,501	5,543
Balance, end of period	48,586	45,716
Less portion due within one year	335	322
	$48,251	$45,394

(e) Reclamation Bonding Obligations

As at March 31, 2015 Huckleberry is obligated to increase its reclamation bond funding as follows:

2015	$3,000
2016	6,000
2017	18,000
	$27,000

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(f) Commitments

As at March 31, 2015, Huckleberry is committed to future minimum operating lease payments as follows:

2015	$278
2016	349
2017	279
2018	75
2019	2
	$983

As at March 31, 2015, Huckleberry had contractual commitments to purchase plant and equipment at a cost of $881.

6. MINERAL PROPERTIES

Cost	Mineral Properties being depleted	Mineral Properties not being depleted: Projects not in Production	Mineral Properties not being depleted: Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total
Balance as at December 31, 2013	$205,598	$140,204	$19,124	$276,900	$408,952	$1,050,778
Additions	30,244	53,091	2,247	21,195	310,322	417,099
Reclassifications	246	(246)	-	-	-	-
Disposals	-	-	-	(1,357)	(52,000)	(53,357)
Foreign exchange movement	606	2,636	-	(124)	-	3,118
Balance as at December 31, 2014	236,694	195,685	21,371	296,614	667,274	1,417,638
Additions	8,135	3	197	1,229	36,124	45,688
Reclassifications	6,278	-	-	(6,278)	-	-
Foreign exchange movement	674	2,966	-	(133)	-	3,507
Balance as at March 31, 2015	$251,781	$198,654	$21,568	$291,432	$703,398	$1,466,833

Accumulated depletion & depreciation & impairment losses	Mineral Properties being depleted	Mineral Properties not being depleted: Projects not in Production	Mineral Properties not being depleted: Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total
Balance as at December 31, 2013	$94,787	$ -	$1,645	$129,523	$ -	$225,955
Depletion & depreciation	5,707	-	-	14,064	-	19,771
Disposals	-	-	-	(652)	-	(652)
Foreign exchange movement	906	-	-	258	-	1,164
Balance as at December 31, 2014	101,400	-	1,645	143,193	-	246,238
Depletion & depreciation	-	-	-	3,141	-	3,141
Foreign exchange movement	891	-	-	292	-	1,183
Balance as at March 31, 2015	$102,291	$ -	$1,645	$146,626	$ -	$250,562
Carrying Amount						
Balance as at December 31, 2013	$110,811	$140,204	$17,479	$147,377	$408,952	$824,823
Balance as at December 31, 2014	$135,294	$195,685	$19,726	$153,421	$667,274	$1,171,400
Balance as at March 31, 2015	$149,490	$198,654	$19,923	$144,806	$703,398	$1,216,271

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At March 31, 2015 the Company had contractual commitments totaling $3,416 (December 31, 2014-$9,480) for the acquisition of property, plant and equipment (Note 24(c)).

At March 31, 2015 mineral property assets with a carrying value of $1,370 (December 31, 2014-$1,370) are legally restricted for the purposes of settling future site reclamation provisions (Note 24(b)).

During the three months ended March 31, 2015 the Company capitalized borrowing costs of $11,437 (March 31, 2014-$6,463) related to the Red Chris project into construction in progress at a weighted average borrowing rate of 7.20% (March 31, 2014-5.68%).

7. OTHER ASSETS

	March 31 2015	December 31 2014
Future site reclamation deposits	$4,425	$4,063
Other	2,650	2,723
	$7,075	$6,786

8. TRADE AND OTHER PAYABLES

	March 31 2015	December 31 2014
Trade payables	$43,602	$47,374
Accrued liabilities	21,119	30,277
	$64,721	$77,651

9. SHORT TERM DEBT

Amounts due for short term debt facilities are:	March 31 2015	December 31 2014
Concentrate advances of US$5,772 (December 31, 2014-US$nil) from a purchaser of concentrate from the Red Chris mine repayable from the sale of concentrate with interest at three month Libor plus 2.2% and secured by a first charge on concentrate from the Red Chris mine.	$7,320	$ -

10. NON-CURRENT DEBT

Amounts due for non-current debt are:		March 31 2015	December 31 2014
Senior secured revolving credit facility, net of issue costs	(a)	$168,086	$172,480
Second lien secured revolving credit facility, net of issue costs	(b)	45,753	-
Senior unsecured notes, net of issue costs	(c)	403,679	368,787
Junior credit facility, net of issue costs	(d)	64,000	30,000
Convertible debentures	(e)	88,719	87,679
Equipment loans	(f)	48,578	47,901
		818,815	706,847
Less portion due within one year		(14,025)	(12,590)
		$804,790	$694,257

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The movement of the amounts due for non-current debt are:	Three Months Ended March 31 2015	Year Ended December 31 2014
Balance, beginning of period	$706,847	$244,382
Amounts advanced, net of issue costs including warrants (Note 12(c)) but excluding equity component of convertible debentures	79,807	817,915
Foreign exchange loss	38,284	18,809
Accretion of debt issue costs	734	3,594
Accretion of interest on convertible debentures	1,040	1,366
Amounts repaid	(11,897)	(379,219)
Balance, end of period	818,185	706,847
Less portion due within one year	(7,897)	(12,590)
	$804,790	$694,257

(a) Senior Credit Facility

Senior secured revolving credit facility from a syndicate of banks aggregating $200,000 (December 31, 2014-$200,000) 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 $30,033 (December 31, 2014-$25,758) has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 24(b)). The Company is in discussion with the banking syndicate to extend the date to achieve completion at the Red Chris mine (Note 1).

(b) Second Lien Credit Facility

Second lien secured revolving credit facility aggregating $50,000 (December 31, 2014-$nil) due on April 1, 2017. 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, subject to the priority interests held on those assets by the Senior Credit Facility. This facility has been guaranteed by a related party (Note 20).

(c) Senior Unsecured Notes

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 from 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.

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(d) Junior Credit Facility

The junior credit facility is from a related party. It aggregates $75,000 (December 31, 2014-$75,000) and is 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 March 2014 the Company issued 750,000 warrants (Notes 12(c) and 20) in connection with this facility.

(e) Convertible Debentures

The debentures bear interest at 6% per year with interest payable semi-annually on June 30 and December 31 with the first payment due on June 30, 2015. The face value of the convertible debentures are convertible into common shares of the Company at the option of the holder upon at least 61 days advance notice at any time prior to maturity at a conversion price of $12.00 per common share. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 125% of the conversion price for at least 30 consecutive days. At the option of the Company, subject to the separate approval of the TSX and compliance with all applicable securities laws, such interest may be paid through the issuance of additional convertible debentures or Imperial's common shares.

(f) Equipment Loans

Seven finance contracts for US$34,192 (December 31, 2014-US$36,676) and one finance contract for $5,212 (December 31, 2014-$5,353) at interest rates ranging from 2.50% to 3.42% with monthly instalments of US$942 and $60.

11. DERIVATIVE INSTRUMENTS

Commodity Derivatives

Option contracts outstanding at March 31, 2015 for gold are as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
Contract Period	*US$/oz*	*US$/oz*	*ounces of gold*	*ounces of gold*
2015	$1,189	$1,375	69,300	69,300

The put options purchased have a price range of US$1,100 to US$1,250 per ounce and the call options sold have a price range of US$1,300 to US$1,415 per ounce. The Company will receive/pay the counterparties the difference between the monthly average cash settlement price of gold on the London Metals Exchange and the gold price specified in the put/call option contract. At March 31, 2015 the fair value of commodity derivatives was a net asset of $4,530 (December 31, 2014 - $3,691).

Currency Derivatives

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(c)). 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, 2015 the fair value of the cross currency swap was an asset of $16,322 (December 31, 2014-$3,894).

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12. 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, of which 3,100,000 have been designated as "Series A First Preferred shares" (issued and outstanding – nil)

50,000,000 Second Preferred shares without par value with rights and restrictions to be determined by the directors (issued and outstanding – nil)

An unlimited number of Common Shares without par value

(b) Share Option Plans

Under the Share Option Plans, the Company may grant options to its directors, officers and employees not to exceed 10% of the issued common shares of the Company. At March 31, 2015 a total of 2,237,450 common share options remain available for grant under the plans. Under the plans, the exercise price of each option equals the market price of the Company's shares on the date of grant and an option's maximum term is 10 years. Options are granted from time to time by the Board of Directors and vest over a three or five year period.

Movements in Share Options

The changes in share options were as follows:

	Three Months Ended March 31, 2015		Year Ended December 31, 2014	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,238,950	$8.37	2,582,700	$8.28
Exercised	-	-	(292,750)	$7.02
Forfeited	-	-	(51,000)	$11.55
Outstanding at end of period	2,238,950	$8.37	2,238,950	$8.37
Options exercisable at end of period	1,986,950	$7.97	1,986,950	$7.97

The following table summarizes information about the Company's share options outstanding at March 31, 2015:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
$4.41	860,900	4.00	860,900	4.00
$5.93	172,000	5.00	172,000	5.00
$11.55	1,206,050	5.79	954,050	5.79
	2,238,950	5.04	1,986,950	4.96

No options were exercised during the three months ended March 31, 2015. For share options exercised during the three months ended March 31, 2014, the weighted average share price at the date of exercise was $17.11.

(c) Warrants

In connection with the junior credit facility (Note 10(d)) the Company issued 750,000 warrants on March 12, 2014 to a related party at an ascribed value of $870. 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, 2015 all 750,000 warrants remained outstanding.

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13. COST OF SALES

	Three Months Ended March 31	
	2015	2014
Operating expenses	$1,644	$16,893
Salaries, wages and benefits	1,429	12,214
Depletion and depreciation	173	6,319
Share based compensation	-	17
	$3,246	$35,443

14. GENERAL AND ADMINISTRATION COSTS

	Three Months Ended March 31	
	2015	2014
Administration	$1,251	$1,255
Share based compensation	49	205
Depreciation	179	178
Foreign exchange loss	807	845
	$2,286	$2,483

15. FINANCE COSTS

	Three Months Ended March 31	
	2015	2014
Accretion of future site reclamation provisions	$(211)	$(157)
Interest on non-current debt	(2,666)	-
Foreign exchange loss on current debt	(48)	(270)
Foreign exchange (loss) gain on non-current debt	(38,283)	577
Fair value adjustment to marketable securities	(49)	(87)
Realized gains on derivative instruments	612	14
Unrealized gains (losses) on derivative instruments	13,083	(2,101)
	(27,562)	(2,024)
Interest income	36	5
Finance costs	$(27,526)	$(2,019)

16. PROVISION FOR REMEDIATION COSTS

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, BC was breached. There were no injuries as a result of this incident. The Company promptly commenced response and recovery activities, followed by rehabilitation and restoration activities. These activities are ongoing. A total of $67,435 was charged to expense for the year ended December 31, 2014 of which $58,568 was incurred to March 31, 2015 for response and recovery costs, as well as initial rehabilitation and restoration costs which have included but are not limited to construction of a temporary rock berm for tailings security, Polley Lake water level reduction, Quesnel Lake wood recovery, repair and buttressing of the tailings embankment, rehabilitation of Hazeltine Creek, construction of sedimentation ponds and water collection facilities, as well as environmental monitoring, community relations, communications and related corporate support costs.

At March 31, 2015 the remaining provision for remediation costs was $8,867. This provision is for rehabilitation and restoration costs expected to be incurred in the future, primarily within the next six months. The provision also includes costs for geotechnical investigations, environmental monitoring, community relations, communications and related corporate support costs. In the year ended December 31, 2014 the Company received insurance recoveries totaling $14,000 which were recorded in the consolidated statements of income. No recoveries were received in the three months ended March 31, 2015. Any additional insurance recoveries will be recorded when received.

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The provision for remediation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

Changes in the provision for remediation costs are as follows.

	Three Months Ended March 31 2015	Year Ended December 31 2014
Balance, beginning of the period	$25,961	$ -
Provision for future remediation costs including depreciation	-	67,435
Costs incurred in the period including depreciation of $724 (2014-$2,164)	(17,094)	(41,474)
Balance, end of the period	8,867	25,961
Less portion to be incurred within one year	(6,827)	(23,686)
	$2,040	$2,275

17. INCOME AND MINING TAX (RECOVERY) EXPENSE

	Three Months Ended March 31 2015	2014
Current income and mining tax expense	$25	$366
Deferred income and mining tax (recovery) expense	(3,243)	3,848
	$(3,218)	$4,214

18. (LOSS) INCOME PER SHARE

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

	Three Months Ended March 31 2015	2014
Numerator:		
Net (Loss) Income	$(33,384)	$5,857
Denominator:		
Basic weighted-average number of common shares outstanding	74,968,768	74,836,549
Effect of dilutive securities:		
Stock options	-	1,130,473
Diluted weighted-average number of common shares outstanding	74,968,768	75,967,022
Basic net (loss) income per common share	$(0.45)	$0.08
Diluted net (loss) income per common share	$(0.45)	$0.08

Common shares that may be issued in relation to the following items have been excluded from the calculation of diluted net (loss) income per common share:

	Three Months Ended March 31 2015	2014
Stock options	2,238,950	-
Warrants	750,000	750,000
Convertible debentures	9,583,333	-

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19. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended March 31	
	2015	2014
Trade and other receivables	$8,499	$(20,662)
Inventory	(20,092)	1,902
Derivative instrument assets	-	1,678
Prepaid expenses and deposits	139	608
Trade and other payables	253	7,481
Derivative instrument liabilities	(185)	(1,643)
Provision for remediation costs	(16,370)	-
	$(27,756)	$(10,636)

(b) Supplemental information on non-cash financing and investing activities:
During the three months ended March 31, 2015 the Company issued nil (2014-750,000) warrants for financing costs (Notes 11(d) and 20).

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

	Three Months Ended March 31	
	2015	2014
Trade and other payables	$(8,253)	$(3,110)

20. 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	
	2015	2014
Loan guarantee fee for guarantee of portion of bank loan facility	$ -	$91
Loan guarantee fee for guarantee of Second Lien Credit Facility	$210	$ -
Financing fees–cash	$ -	$1,000
Financing fees–warrants (Notes 10(d) and 12(c))	$ -	$870
Interest	$2,679	$3,188
Accrued interest on Senior Unsecured Notes and Convertible Debentures	$789	$226
Junior Credit Facility	$64,000	$ -
Senior Unsecured Notes (US$53,300)	$67,600	$58,912
Convertible Debentures	$40,000	$ -
Trade and other payables (receivable)	$(4)	$ -

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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21. 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, 2015 and 2014 are as follows:

	Three Months Ended March 31	
	2015	2014
Short term benefits[1]	$340	$355

[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 three months ended March 31, 2015 and 2014.

22. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. Except for assets, comprised primarily of the Sterling mine, totaling $36,916 as at March 31, 2015 (December 31, 2014-$34,997) 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's reportable segments are summarized in the following table:

	Three Months Ended March 31, 2015					
	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$(93)	$ -	$1,335	$ -	$429	$1,671
Less inter-segment revenues	-	-	-	-	(138)	(138)
Revenues from external sources	$(93)	$ -	$1,335	$ -	$291	$1,533
Depletion and Depreciation	$1,225	$ -	$173	$ -	$179	$1,577
Finance (Costs) Income	$(3,727)	$ -	$(32)	$(23,874)	$107	$(27,526)
Equity Loss in Huckleberry	$ -	$(593)	$ -	$ -	$ -	$(593)
Net (Loss) Income	$(8,314)	$(593)	$(1,952)	$(23,204)	$679	$(33,384)
Capital Expenditures	$8,235	$ -	$27	$36,224	$185	$44,671
Investment in Huckleberry Mines Ltd.	$ -	$92,177	$ -	$ -	$ -	$92,177
Total Assets	$271,422	$92,177	$36,747	$951,853	$42,190	$1,394,389
Total Liabilities	$204,520	$ -	$4,532	$781,274	$26,633	$1,016,959

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	Three Months Ended March 31, 2014					
	Mount Polley	Huckleberry	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
Investment in Huckleberry Mines Ltd.	$ -	$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	
	2015	2014
Revenue by geographic area		
Japan	$ -	$23,456
United States	1,242	27,599
Canada	291	280
	$1,533	$51,335

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

In the three months ended March 31, 2015, the Company had two principal customers (March 31, 2014–two principal customers) with each customer accounting for 87% and negative 6% of revenues (March 31, 2014–51% and 47% 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 (contains copper, gold and silver) which is sold at prices quoted on the London Metals Exchange, however in the fourth quarter of 2014 and the first quarter of 2015 the principal product was gold dore from the Sterling mine.

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	
	2015	2014
Copper	$(120)	$31,721
Gold	1,360	18,714
Silver	2	620
Other	291	280
	$1,533	$51,335

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

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

23. 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. Except for the Notes (Note 10(c)), management believes that the carrying value of remaining non-current debt approximates fair value. At March 31, 2015 the fair value of the Notes is $392,618 (December 31, 2014-$346,870) based on a quote received from dealers that trade the Notes. Although the interest rates and credit spreads have changed since the remainder of the non-current debt was issued the fixed rate portion of the non-current debt is not expected to 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.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at March 31, 2015 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	$6,498	$ -	$6,498
Marketable securities	272	-	272
Provisionally priced receivables	-	32	32
Derivative instruments assets	-	20,852	20,852
Future site reclamation deposits	4,425	-	4,425
	$11,195	$20,884	$32,079

24. COMMITMENTS AND PLEDGES

(a) At March 31, 2015, the Company is committed to future minimum operating lease payments as follows:

2015	$728
2016	416
2017	217
	$1,361

(b) At March 31, 2015, the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets	$4,425
Mineral property, plant and equipment	1,370
Letters of credit (Note 10(a))	30,033
	$35,828

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

(c) At March 31, 2015, the Company had commitments to purchase plant and equipment for the Red Chris project at a cost of $3,416.

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

2016	6,000
2017	5,500
2018	4,000
2019 and beyond	3,800
	$19,300

25. 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 condensed consolidated interim financial position or financial performance. At March 31, 2015 the Company has recorded a provision of $8,867 for future remediation costs related to the Mount Polley mine tailings dam breach (Note 16).

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the "Claim"). The Company has engaged independent legal counsel to advise it on this matter and intends to vigorously defend the Claim. At this time the Company cannot predict the outcome of the claim or determine the amount of any potential losses and accordingly, no provision has been made as of March 31, 2015

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C.D. ('Lyn) Anglin | Chief Scientific Officer
Kelly Findlay | Vice President Finance
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Gordon Keevil | Vice President Corporate Development
Sophie Hsia | General Counsel

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LEGAL COUNSEL

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TRANSFER AGENT

Computershare Investor Services Inc.

ANNUAL GENERAL MEETING

May 27, 2015 @ 9:00am
Sutton Place Hotel
845 Burrard Street, Vancouver