Imperial Metals

First Quarter Report 2019

Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2019 and 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2019 and December 31, 2018

expressed in thousands of Canadian dollars

	Notes	March 31 2019	December 31 2018
ASSETS			
Current Assets			
Cash		$6,012	$18,574
Marketable securities		933	1,325
Trade and other receivables	4	19,335	7,084
Inventory	5	22,080	49,282
Prepaid expenses and deposits		4,809	6,666
Assets classified as held for sale	3	1,118,240	-
		1,171,409	82,931
Mineral Properties	6	381,454	1,432,783
Other Assets	7	28,297	51,752
Deferred Income Tax Assets		7,585	6,437
		$1,588,745	$1,573,903
LIABILITIES			
Current Liabilities			
Trade and other payables	8	$38,718	$104,621
Taxes payable		767	773
Short term debt	11	152,537	121,773
Provision for rehabilitation costs	19	2,038	2,265
Current portion of debt	12	586,945	603,648
Current portion of other obligations	10	-	39,321
Liabilities classified as held for sale	3	133,291	-
		914,296	872,401
Provision for Rehabilitation costs	19	1,064	1,067
Non-Current Debt	12	134,847	145,847
Deferred Trade Payables	9	4,450	4,428
Other Obligations	10	-	13,108
Future Site Reclamation Provisions	13	90,428	97,668
Deferred Income Tax Liabilities		31,343	36,152
		1,176,428	1,170,671
EQUITY			
Share Capital	14	315,822	304,364
Share Option Reserve	14	19,225	19,188
Warrant Reserve		689	689
Equity Component of Convertible Debentures		25,534	25,534
Currency Translation Adjustment		7,952	8,094
Retained Earnings		43,095	45,363
		412,317	403,232
		$1,588,745	$1,573,903
Commitments and Pledges	5, 6, 27		
Contingent Liabilities	28		
Subsequent events	29		

See accompanying notes to these consolidated financial statements.

Approved by the Board and authorized for issue on May 14 , 2019

/s/ Larry G. Moeller — Director

/s/ J. Brian Kynoch — Director

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

For the Three Months Ended March 31, 2019 and 2018

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

	Notes	Three Months Ended March 31 2019	2018 Restated (Note 3)
Continuing operations[1]			
Revenue		$13,803	$36,027
Cost of Sales	15	(16,330)	(35,814)
(Loss) Income from Mine Operations		(2,527)	213
General and Administration	16	(1,235)	(1,571)
Idle Mine Costs		(1,378)	(1,351)
Interest Expense	17	(18,397)	(17,813)
Other Finance Income (Loss)	18	7,053	(11,194)
Other Income (Expense)		72	(603)
Loss before Taxes from continuing operations		(16,412)	(32,319)
Income and Mining Tax Recovery	20	14,075	1,241
Net Loss from continuing operations		(2,337)	(31,078)
Net Income from discontinued operations, net of tax	3	69	14,912
Net Loss		(2,268)	(16,166)
Other Comprehensive (Loss) Income			
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment		(142)	177
Total Comprehensive Loss		$(2,410)	$(15,989)
Loss from Continuing Operations Per Share			
Basic	21	$(0.02)	$(0.27)
Diluted	21	$(0.02)	$(0.27)
Income from Discontinued Operations Per Share			
Basic	21	$ -	$0.13
Diluted	21	$ -	$0.13
Loss Per Share			
Basic	21	$(0.02)	$(0.14)
Diluted	21	$(0.02)	$(0.14)
Weighted Average Number of Common Shares Outstanding			
Basic	21	125,088,105	116,858,528
Diluted	21	125,088,105	116,858,528

[1] For the three months ended March 31, 2019 and a comparative period, Red Chris mine was classified as discontinued operations and accordingly income (loss) and cash flows from continued operations are presented exclusive of Red Chris mine. Refer Note 3 for further details.

See accompanying notes to these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2019 and 2018

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

	Share Capital		Share		Equity Component of	Currency		
	Number of Shares	Amount	Option Reserve	Warrant Reserve	Convertible Debentures	Translation Adjustment	Retained Earnings	Total
Balance December 31, 2017	114,505,472	$290,201	$18,582	$689	$25,534	$7,537	$170,958	$513,501
Issued for payment of interest for debt	2,353,274	6,212	-	-	-	-	-	6,212
Share based compensation expense	-	-	204	-	-	-	-	204
Total comprehensive income (loss)	-	-	-	-	-	177	(16,166)	(15,989)
Balance March 31, 2018	116,858,746	$296,413	$18,786	$689	$25,534	$7,714	$154,792	$503,928
Balance December 31, 2018	120,782,585	$304,364	$19,188	$689	$25,534	$8,094	$45,363	$403,232
Issued for payment of interest for debt	6,327,894	11,458	-	-	-	-	-	11,458
Share based compensation expense	-	-	37	-	-	-	-	37
Total comprehensive income (loss)	-	-	-	-	-	(142)	(2,268)	(2,410)
Balance March 31, 2019	127,110,479	$315,822	$19,225	$689	$25,534	$7,952	$43,095	$412,317

See accompanying notes to these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2019 and 2018

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

	Notes	Three Months Ended March 31 2019	2018 Restated (Note 3)
OPERATING ACTIVITIES			
Loss before taxes from continuing operations		$(16,412)	$(32,319)
Items not affecting cash flows			
Depletion and depreciation		2,844	7,797
Share based compensation		109	182
Accretion of future site reclamation provisions		657	686
Unrealized foreign exchange (gains) losses		(9,012)	11,357
Fair value adjustment for debt settled in common shares	18	3,356	-
Interest expense	17	18,397	17,863
Other		86	(839)
		25	4,677
Net change in non-cash operating working capital balances	22	(9,979)	(3,610)
Income and mining taxes paid		(8)	(61)
Income and mining taxes refunded		22	137
Interest paid		(19,281)	(18,797)
Operating cash flows (used in) continuing operations		(29,221)	(17,654)
Operating cash flows (used in) provided by discontinued operations	3	(567)	21,963
Cash (used in) provided by operating activities		(29,788)	4,309
FINANCING ACTIVITIES			
Proceeds of short term debt	11	38,252	41,777
Repayment of short term debt	11	(7,591)	(41,782)
Proceeds of non-current debt	12	130,723	14,294
Repayment of non-current debt	12	(131,990)	(50,234)
Lease payments		(12)	-
Cash provided by (used in) financing activities in continuing operations		29,382	(35,945)
Cash provided by (used in) financing activities in discontinued operations	3	(1,957)	(526)
Cash provided by (used in) financing activities		27,425	(36,471)
INVESTING ACTIVITIES			
Acquisition and development of mineral properties		(734)	(4,137)
Net change in non-cash investing working capital balances		(209)	124
Proceeds on sale of mineral properties		30	-
Investing cash flows used in continuing operations		(913)	(4,013)
Investing cash flows used in discontinued operations	3	(9,246)	(9,235)
Cash used in investing activities		(10,159)	(13,248)
EFFECT OF FOREIGN EXCHANGE ON CASH		(40)	55
DECREASE IN CASH		(12,562)	(45,355)
CASH, BEGINNING OF PERIOD		18,574	51,895
CASH, END OF PERIOD		$6,012	$6,540

See accompanying notes to these consolidated financial statements.

1. NATURE OF OPERATIONS

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

The Company's key projects are:

- Red Chris copper-gold mine in northwest British Columbia;
- Mount Polley copper-gold mine in central British Columbia; and
- Huckleberry copper mine in west central British Columbia.

On March 10, 2019, the Company entered into a binding agreement to sell a 70% interest in the Red Chris mine to Newcrest for US$806,500 in cash, while retaining a 30% interest in the mine. The Company and Newcrest will form a joint venture for the operation of the Red Chris asset going forward, with Newcrest acting as operator. The consideration payable will be subject to customary adjustments for certain assumed equipment loans, working capital and non-financial debt at closing.

Red Chris mine has been classified as a discontinued operation effective January 1, 2019 (Note 3).

Upon the completion of sale of 70% interests in the Red Chris mine to Newcrest, the Company will account for its 30% interest in the mine as investments for under equity method.

These consolidated 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 determine the funds required to support the Company's operations and expansionary plans.

At March 31, 2019, the Company had cash of $6,012, available capacity of $44 for future draws under the Senior Credit Facility (Note 11) and a working capital deficiency of $727,836, excluding assets and liabilities held for sale of $984,949. The working capital deficiency is primarily due to debt of $739,482 related to the Senior Credit Facility and the Second Lien Credit Facility, which mature on September 5, 2019 and September 9, 2019 accordingly, and the Senior Unsecured Notes which mature on September 15, 2019.

During the three months ended March 31, 2019, $11,458 of interest for certain debt facilities was paid in common shares of the Company (Notes 12(c), 12(d), 12(e) and Note 18).

Cash balances on hand, the projected cash flow from the Red Chris and Mount Polley mines, as well as the available credit facilities are expected to be sufficient to fund the working capital deficiency and the Company's obligations as they come due assuming the successfully completion of the transaction with Newcrest and continuing support of the Company's creditors until such time as the Newcrest transaction closes. In addition, there are inherent risks related to the operation of the Company's mines which could require additional sources of financing. There can be no assurance that the Company will be able to successfully complete the transaction with Newcrest and this creates a material uncertainty that could have an adverse impact on the Company's financial condition and results of operations and may cast significant doubt on the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (IAS 34).

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, 2018.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted IFRS 16 on January 1, 2019, using the modified retrospective approach, in accordance with the transitional provisions in IFRS 16. The Company identified and collected data relating to existing agreements that extended beyond January 1, 2019, that contained right-of-use assets. These include service contracts that may contain embedded leases for property, plant and equipment. The Company has elected to measure its right-of-use assets at amounts equal to the associated lease liabilities as at the adoption date, however due to trivial effect, no increase to asset and liabilities was recorded and therefore no adjustment to retained earnings.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

- *Right-of-use assets.* The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.
- *Lease liabilities.* At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- *Short-term leases and leases of low-value assets.* The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
- *Significant judgement in determining the lease term of contracts with renewal options*. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately
- the assumptions an entity makes about the examination of tax treatments by taxation authorities
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- how an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The interpretation did not have an impact on the consolidated financial statements of the Company.

3. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

On February 20, 2019, the Company began a process for the sale of Red Chris mine and upon commencement of the process met the criteria as a discontinued operations under IFRS 5. On March 10, 2019, the Company entered into a binding agreement to sell a 70% interest in the Red Chris mine to Newcrest for US$806,500 in cash, while retaining a 30% interest in the mine. The Company and Newcrest will form a joint venture for the operation of the Red Chris asset going forward, with Newcrest acting as operator. The consideration payable will be subject to customary adjustments for certain assumed equipment loans, working capital and non-financial debt at closing.

For the three months ended March 31, 2019 and March 31, 2018, the net income (loss) from Red Chris mine is reported as income (loss) from discontinued operations. Total assets and liabilities of Red Chris mine (excluding any assets and liabilities which do not form part of the net assets being sold) are reported as assets and liabilities held for sale, respectively, as at March 31, 2019. As a result of the classification of the Red Chris mine as held-for-sale, the Company ceased recognizing depreciation and depletion expense at Red Chris mine effective February 20, 2019.

In measuring the assets, liabilities, revenues, expenses, gains, losses and cash flows of discontinued operations for the purpose of disclosures, such items are attributed to discontinued operations if they will be disposed of, settled, reduced, or eliminated when the discontinuance is completed. To the extent that such items continue after the completion of the discontinuance, they allocated to the continuing operations.

Financial position information is neither restated nor remeasured for discontinued operations.

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

The discontinued operations presented in the income statement and statement of cash flows in the comparative period are restated in respect of all operations that have been classified as discontinued by the balance sheet date of the most recent period presented.

As at March 31, 2019, the Company measured the assets at the lower of carrying value and fair value less cost to sell ("FVLCS"). The estimated consideration on sale was used as the basis for determining the fair value and an estimate of the disposal cost was used as the basis for the cost to sell. The Company determined that no impairment losses are to be recognized.

The assets and liabilities of Red Chris mine being disposed and included in assets and liabilities classified as held for sale of are as follows:

	March 31 2019
Current Assets	
Trade and other receivables	$348
Inventory	31,895
Prepaid expenses and deposits	1,589
	33,832
Mineral Properties	1,058,661
Other assets	25,747
Assets classified as held for sale	$1,118,240
Current liabilities	
Trade and other payables	$47,321
Current portion of debt	6,455
Current portion of other obligations	43,419
	97,195
Non-Current Debt	10,854
Non-Current Other Obligations	9,533
Future Site Reclamation Provisions	15,709
Liabilities classified as held for sale	$133,291

The net income (loss) from Red Chris mine for the three months ended March 31, 2019 and prior year comparative period are as follows:

	March 31 2019	March 31 2018
Revenue	$62,878	$81,885
Cost of Sales [1]	(61,769)	(64,528)
Income from Mine Operations	1,109	17,357
General and Administration	116	(35)
Interest expense	(1,109)	(1,179)
Finance income (expense)	198	(24)
Income before taxes	314	16,119
Income and Mining taxes	(245)	(1,207)
Income from discontinued operations	$69	$14,912

[1] Depreciation and depletion included herein relates to the Red Chris mine prior to the date of reclassification as a discontinued operation during the three months ended March 31, 2019.

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

The following table provides details of the cash flows from operations, investing and financing activities of the Red Chris mine for the three months ended March 31, 2019 and prior year comparative period:

	March 31 2019	March 31 2018
OPERATING ACTIVITIES		
Income before taxes from discontinuing operations	$314	$16,119
Items not affecting cash flows		
Depletion and depreciation	9,090	13,860
Share based compensation	(72)	22
Unrealized foreign exchange gain	(293)	-
Accretion of future site reclamation provisions	112	101
Interest expense	1,109	1,179
	10,260	31,281
Net change in non-cash operating working capital balances	(10,030)	(8,891)
Income and mining taxes paid	(237)	(259)
Interest paid	(560)	(168)
Operating cash flows (used in) provided by discontinued operations	$(567)	$21,963
FINANCING ACTIVITIES		
Repayment of non-current debt	$(1,280)	$(526)
Lease payments	(677)	-
Investing cash flows used by discontinued operations	$(1,957)	$(526)
INVESTING ACTIVITIES		
Acquisition and development of mineral properties	$(9,289)	$(4,854)
Net change in non-cash investing working capital balances	43	(4,381)
Investing cash flows used by discontinued operations	$(9,246)	$(9,235)

4. TRADE AND OTHER RECEIVABLES

	March 31 2019	December 31 2018
Trade receivables	$11,001	$6,846
Taxes receivable	8,334	238
	$19,335	$7,084

As at March 31, 2019, the Red Chris mine trade and other receivables were classified as asset held for sale (Note 3).

During the reporting period the Company received a favorable judgment with respect to BC mineral tax paid in prior years and recognised a tax receivable of $8,112 and related interest receivable of $2,111.

5. INVENTORY

	March 31 2019	December 31 2018
Stockpile ore	$1,858	$23,030
Concentrate	9,676	12,115
Supplies	24,421	51,260
Total inventories	35,955	86,405
Less non-current inventories included in other assets (Note 7)	(13,875)	(37,123)
Total current inventories	$22,080	$49,282

During the three month period ended March 31, 2019, inventory of $13,306 was recognized in cost of sales (March 31, 2018-$34,372) and an impairment charge of $3,396 (March 31, 2018-$nil) on concentrate inventory was included in cost of sales.

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

As at March 31, 2019, the Company had $93,397 (December 31, 2018-$86,405) of inventory pledged as security for debt from continuing and discontinued operations.

As at March 31, 2019, the Red Chris mine inventory were classified as asset held for sale (Note 3).

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 & Equipment	Total
Balance December 31, 2017	$463,431	$56,881	$102,165	$1,368,778	$1,991,255
Additions	(3,671)	943	742	75,920	73,934
Reclass to non-current inventory	-	-	-	(2,434)	(2,434)
Reclassification	14,157	(14,157)	-	-	-
Foreign exchange movement	-	-	557	70	627
Balance December 31, 2018	473,917	43,667	103,464	1,442,334	2,063,382
Additions from continuing operations	6,303	-	61	678	7,042
Additions from discontinued operations (Note 3)	1,397	19	-	9,270	10,686
Reclassification	407	77	-	(484)	-
Foreign exchange movement	-	-	(142)	(18)	(160)
Assets reclassified as held for sale (Note 3)	(105,563)	(43,763)	-	(1,099,614)	(1,248,940)
Balance March 31, 2019	$376,461	$ -	$103,383	$352,166	$832,010

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 & Equipment	Total
Balance December 31, 2017	$161,853	$ -	$1,645	$281,897	$445,395
Depletion and depreciation	18,769	-	-	57,161	75,930
Impairment	101,356	-	-	7,848	109,204
Foreign exchange movement	-	-	-	70	70
Balance December 31, 2018	281,978	-	1,645	346,976	630,599
Depletion and depreciation from continuing operations	188	-	-	3,399	3,587
Depletion and depreciation from discontinued operations	737	-	-	5,930	6,667
Foreign exchange movement	-	-	-	(18)	(18)
Assets reclassified as held for sale (Note 3)	(25,825)	-	-	(164,454)	(190,279)
Balance March 31, 2019	$257,078	$ -	$1,645	$191,833	$450,556
Carrying Amount					
Balance December 31, 2017	$301,578	$56,881	$100,520	$1,086,881	$1,545,860
Balance December 31, 2018	$191,939	$43,667	$101,819	$1,095,358	$1,432,783
Balance March 31, 2019	$119,383	$ -	$101,738	$160,333	$381,454

Additions to Mineral Properties being Depleted for the three months ended March 31, 2019 includes an increase of $7,700, which represents a net change in estimates of future site reclamation provisions (twelve months ended December 31, 2018-reduction of $3,840).

At March 31, 2019, the net carrying value of the deferred stripping costs was $7,446 (December 31, 2018-$47,045) and is included in mineral properties.

At March 31, 2019, leased mobile equipment at cost of $144 (December 31, 2018-$16,176) and accumulated depreciation of $29 (December 31, 2018-$227) was included with plant and equipment.

At March 31, 2019, the Company had provided $28,370 (December 31, 2018-$28,370) of security for reclamation bonding obligations by securing certain plant and equipment (Notes 27(a) and (b)).

At March 31, 2019, the Company had $nil of contractual commitments (December 31, 2018-$3,402) for the expenditures on property, plant and equipment.

Red Chris Mine

The Red Chris copper/gold mine is owned and operated by Red Chris Development Company Ltd., a subsidiary of the Company. The property, located in northwest British Columbia, is comprised of the Red Chris Main claim group and the Red Chris South group, and consists of 77 mineral tenures that cover a total area of 23,142 hectares. Five of the tenures (5,141 hectares) are mining leases.

The Red Chris project was issued a Mines Act permit in May 2012 by the Province of British Columbia. Commissioning of the Red Chris mine began in late 2014, and commercial production was achieved July 1, 2015. Net smelter royalties between 1.0% to 2.0% are payable on production from the Red Chris mine.

On March 10, 2019 the Company entered into an agreement to sell a 70% interest in the Red Chris mine to Newcrest for US$806,500 in cash, while retaining a 30% interest in the mine. The Company and Newcrest will form a joint venture for the operation of the Red Chris mine going forward, with Newcrest acting as operator (Note 3).

Mount Polley Mine

The Mount Polley copper/gold mine is owned and operated by Mount Polley Mining Corporation, a subsidiary of the Company. The property, located in south-central British Columbia, is comprised of 20,038 hectares, consisting of seven mining leases totalling 2,007 hectares, and 43 mineral claims encompassing 18,031 hectares. A production royalty is payable on ore mined from Mining Lease 933970 but no production occurred on this tenure in 2017 or 2018.

On January 7, 2019, due to declining copper prices, the Company announced that the Mount Polley mine would suspend operations at the end of May 2019. The mine is expected to remain on care and maintenance until the economics of mining improve.

Huckleberry Mine

The Huckleberry copper mine is owned and operated by Huckleberry Mines Ltd., a subsidiary of the Company. The property, located in west-central British Columbia, is comprised of 24,387 hectares, consisting of two mining leases totalling 2,422 hectares, and 44 mineral claims encompassing 21,965 hectares. Huckleberry mine operations were suspended in August 2016. The mine remains on care and maintenance status.

Other Exploration Properties

The Company has interests in other early stage exploration properties located primarily in Canada. These properties were primarily acquired by acquisition or amalgamation, and the cost of maintaining ownership is not significant.

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

7. OTHER ASSETS

	March 31 2019	December 31 2018
Future site reclamation deposits	$14,324	$14,324
Non-current inventory - ore stockpile	1,485	22,404
Non-current inventory - supplies	12,390	10,085
Non-current inventory - critical spare parts	-	4,634
Other	98	305
	$28,297	$51,752

As at March 31, 2019, the Red Chris mine other assets were classified as asset held for sale (Note 3).

8. TRADE AND OTHER PAYABLES

	March 31 2019	December 31 2018
Trade payables	$15,732	$37,422
Deferred payables due within one year (Note 9)	5,786	16,819
Accrued liabilities	17,200	50,380
	$38,718	$104,621

As at March 31, 2019, the Red Chris mine trade and other payables were classified as liabilities held for sale (Note 3).

9. DEFERRED PAYABLES

	March 31 2019	December 31 2018
Deferred trade payables	$10,236	$21,247
Less deferred payables due within one year	(5,786)	(16,819)
	$4,450	$4,428

(a) Deferred Trade Payables

Deferred trade payables consist of amounts invoiced for electricity billings by British Columbia Hydro and Power Authority ("BC Hydro") that have been deferred pursuant to a tariff supplement. The tariff supplement allows for deferral of up to 75% of the monthly electricity billing (the "Payment Plan") depending on the average London Metals Exchange settlement copper price converted to CDN dollars at the Bank of Canada's daily average closing exchange rate. The period for calculating the copper price in CDN dollars is the 30 day period prior to the billing date on the 15th of each month.

Interest on the deferred amounts is charged and added to the deferred trade payables balance at Bank Prime Rate plus 5% except for Huckleberry which is at 12%.

The Payment Plan commenced in March 2016 and has a five year term with payment deferrals allowed only during the first two years. Repayments of deferred amounts are required at up to 75% of the monthly electricity billing when the copper price exceeds CDN$3.40 per pound. At a copper price of CDN$3.40 per pound there is no deferral or repayment. The maximum deferral of 75% is available at a copper price of CDN$3.04 per pound or less and the maximum repayments are required at a copper price of CDN$3.76 per pound or more.

Payment of any remaining balance under the Payment Plan is due at the end of the five year term in March 2021.

As at March 31, 2019, the Red Chris mine deferred payables of $8,026 were classified as liabilities held for sale (Note 3).

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

10. OTHER OBLIGATIONS

	March 31 2019	December 31 2018
Northwest Transmission Line payable	$ -	$52,429
Less portion due within one year	-	(39,321)
	$ -	$13,108

Pursuant to a tariff supplement the Company is obligated to reimburse BC Hydro for its portion of the costs related to BC Hydro's construction of the Northwest Transmission Line which provides power to the Red Chris mine. Repayments are due monthly of $1,192 plus interest at 4.05% per annum. The interest rate is subject to review annually.

As at March 31, 2019, the Red Chris mine other obligations of $52,953 were classified as liabilities held for sale (Note 3).

11. SHORT TERM DEBT

Amounts due for short term debt are:

	March 31 2019	December 31 2018
Senior secured revolving credit facility, net of issue costs	$152,537	$121,773

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

	Three Months Ended March 31 2019	Year Ended December 31 2018
Balance, beginning of period	$121,773	$ -
Amounts advanced	38,252	142,954
Proceeds from Senior Credit Facility, net of issuance costs (Note 11)	-	143,875
Senior credit facility reclassified from non-current debt	-	30,300
Amounts repaid	(7,591)	(143,545)
Payment of short term credit facilities	-	(52,613)
Accretion of finance fees	103	211
Foreign exchange loss	-	591
Balance, end of period	$152,537	$121,773

Senior Credit Facility

Senior secured revolving credit facility aggregating $200,000 (December 31, 2018-$200,000) due September 5, 2019. 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. Of this facility, $47,156 (December 31, 2018-$47,156) has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 27(a)) and for other liabilities. This facility has been guaranteed by a related party (Note 23).

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

12. NON-CURRENT DEBT

Amounts due for non-current debt are:

		March 31 2019	December 31 2018
Second lien secured revolving credit facility, net of issue costs	(a)	$49,916	$49,968
Senior unsecured notes, net of issue costs	(b)	433,738	442,781
Junior credit facility	(c)	75,000	75,000
Convertible debentures – 2014	(d)	107,411	106,153
Convertible debentures – 2015	(e)	27,126	26,846
Bridge loan	(f)	26,000	26,000
Equipment loans	(g)	2,514	8,406
Equipment leases	(h)	87	14,340
		721,792	749,495
Less portion due within one year		(586,945)	(603,648)
		$134,847	$145,847

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

	Loans	Leases	March 31 2019	December 31 2018
Balance, beginning of period	$735,156	$14,339	$749,495	$852,378
Continued operations:				
Amounts advanced, net of issue costs	130,723	-	130,723	70,347
Portion of senior credit facility reclassified to short term debt (Note 11)	-	-	-	(30,300)
Foreign exchange (gains) losses	(9,053)	-	(9,053)	35,689
Accretion of debt issue costs	651	-	651	2,926
Accretion of interest on convertible debentures and leases	1,537	2	1,539	6,057
Amounts repaid	(131,990)	(13)	(132,003)	(202,395)
	(8,132)	(11)	(8,143)	(117,676)
Discontinued operations:				
Amounts advanced, net of issue costs	-	-	-	18,168
Foreign exchange (gains) losses	-	(293)	(293)	668
Accretion of interest on convertible debentures and leases	-	159	159	213
Amounts repaid	(1,280)	(837)	(2,117)	(4,256)
Liabilities reclassified as held for sale (Note 3)	(4,039)	(13,270)	(17,309)	-
	(5,319)	(14,241)	(19,560)	14,793
Balance, end of period	721,705	87	721,792	749,495
Less portion due within one year	(586,897)	(48)	(586,945)	(603,648)
	$134,808	$39	$134,847	$145,847

The Company has the following debt facilities:

(a) Second Lien Credit Facility

Second lien secured revolving credit facility aggregating $50,000 (December 31, 2018-$50,000) due September 9, 2019. 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 (Note 11). This facility has been guaranteed by a related party (Note 23).

(b) Senior Unsecured Notes

Senior unsecured notes (the "Notes") due September 15, 2019 aggregating US$325,000 with interest at 7% per annum payable on September 15. The Notes, net of transaction costs, are accounted for at amortized cost using the effective interest method. 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. During the three months ended March 31, 2019 the Company issued new Notes for US$98,445 and repaid US$98,445 of existing Notes. The maturity date of Notes was then extended from March 15, 2019 to September 15, 2019.

(c) Junior Credit Facility

The junior credit facility is from a related party (Note 23). It aggregates $75,000 (December 31, 2018-$75,000) and is unsecured with interest payable semi-annually at 10% per annum. The facility is due on September 12, 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. Interest payments during the period October 31, 2017 to January 1, 2019 were payable in common shares of the Company based on the volume weighted average share price of the Company on the Toronto Stock Exchange.

(d) Convertible Debentures - 2014

The debentures with a face value of $115,000 mature on September 4, 2020 and bear interest at 6% per year with interest payable semi-annually on September 30 and December 31. As a result of the rights offering completed in December 2017 the conversion price was reduced from $11.91 to $11.69 per common share. 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 $11.69 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 Toronto Stock Exchange and compliance with all applicable securities laws, such interest may be paid through the issuance of additional convertible debentures or common shares of the Company. Interest payments during the period October 31, 2017 to January 1, 2019 were payable in common shares of the Company based on the volume weighted average share price of the Company on the Toronto Stock Exchange.

(e) Convertible Debentures - 2015

The debentures with a face value of $30,000 mature on August 25, 2021 and bear interest at 6% per year with interest payable semi-annually on September 30 and December 31 with the first payment paid on December 31, 2016. As a result of the rights offering completed in December 2017 the conversion price was reduced from $12.00 to $11.77 per common share. 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 $11.77 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. Interest payments on $27,900 of the $30,000 outstanding debentures during the period October 31, 2017 to January 1, 2019 were payable in common shares of the Company based on the volume weighted average share price of the Company on the Toronto Stock Exchange.

(f) Bridge loan

Bridge loan of $26,000 (December 31, 2018-$26,000) maturing on September 11, 2019. The Bridge loan (50%) is provided by a related party and is secured by all assets of the Company and is subordinated to the Senior Credit Facility and Second Lien Credit Facility lenders. Interest on the Bridge loan is payable monthly at the rate of 8% per annum.

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

(g) Equipment Loans

The outstanding amount of equipment loans from continuing operations is $2,514 (December 31, 2018-$8,406) at a weighted average interest rate of 5.91% with monthly payments of $214. All equipment loans are secured by the financed equipment.

(h) Equipment Leases

	Interest Rate	Monthly payment	March 31 2019	December 31 2018
Equipment Leases	6.25%	$4	$87	$99

Contractual Lease Payments	March 31 2019	December 31 2018
Due in less than one year	$53	$3,482
Due in one to five years	39	12,339
Total undiscounted lease liabilities, end of period	$92	$15,821

13. FUTURE SITE RECLAMATION PROVISIONS

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

Changes to the future site reclamation provisions are:

	Three Months Ended March 31 2019	Year Ended December 31 2018
Balance, beginning of period	$97,668	$98,342
Continuing operations:		
Accretion	657	2,762
Change in estimates of future costs, discount rate and effect of translation of foreign currencies	6,303	(4,978)
Discontinued operations:		
Accretion (Note 3)	112	405
Change in estimates of future costs, discount rate and effect of translation of foreign currencies	1,397	1,137
Amount classified as liabilities held for sale (Note 3)	(15,709)	-
	$90,428	$97,668

The total undiscounted amount of estimated future cash flows required to settle the obligations is $152,192 (December 31, 2018-$174,566). The estimated future cash flows were then adjusted using a 2.0% (December 31, 2018-2.0%) rate of inflation. The estimated future cash flows have been discounted using a rate of 2.84% (December 31, 2018-3.15%) except for obligations related to Mount Polley and Huckleberry beyond 2048 that are discounted using a rate of 3.84% (December 31, 2018-4.15%). Obligations in amount of $70,682 are expected to be settled in the years 2019 through 2048.

The amounts and timing of closure plans for the mineral properties will vary depending on a number of factors including exploration success and alternative mining plans. Refer to Notes 27(a) and (b) for assets pledged and legally restricted for the purposes of settling future site reclamation provisions and the obligation to increase reclamation bond funding.

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

14. 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, 2019, a total of 10,199,048 common share options remain available for grant under the plans. Under the plans, the exercise price of each option cannot be greater than 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, 2019		Year Ended December 31, 2018	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,594,000	$9.16	3,601,900	$8.13
Forfeited	(30,000)	$8.00	(108,000)	$8.00
Expired	(52,000)	$8.00	(899,900)	$5.19
Outstanding at end of period	2,512,000	$9.20	2,594,000	$9.16
Options exercisable at end of period	1,956,000	$9.60	2,008,000	$9.56

The following table summarizes information about the Company's share options outstanding at March 31, 2019:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
$5.75	65,000	8.76	13,000	8.76
$5.93	156,000	0.75	156,000	0.75
$8.00	1,311,000	6.68	807,000	6.68
$11.55	980,000	1.55	980,000	1.55
	2,512,000	4.36	1,956,000	3.65

No share options were exercised during the three months ended March 31, 2019.

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

15. COST OF SALES

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Operating expenses	$8,489	$19,066
Salaries, wages and benefits	5,202	9,314
Depletion and depreciation	2,623	7,406
Share based compensation	16	28
	$16,330	$35,814

Included in cost of sales for the three months ended March 31, 2019 is $3,396 (March 31, 2018-$nil) of impairment charges in relation to concentrate inventory (Note 5).

Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

16. GENERAL AND ADMINISTRATION

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Administration costs	$953	$1,036
Share based compensation	93	154
Depreciation	7	32
Foreign exchange loss (gain)	182	349
	$1,235	$1,571

Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

17. INTEREST EXPENSE

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Interest on non-current debt	$15,075	$17,042
Other interest	3,322	821
	$18,397	$17,863

Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

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

18. OTHER FINANCE INCOME (LOSS)

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Accretion of future site reclamation provisions	$(657)	$(763)
Foreign exchange gain on short term debt	-	5
Foreign exchange gain (loss) on non-current debt	9,052	(11,412)
Fair value adjustment for debt settled in common shares	(3,356)	-
Fair value adjustment to marketable securities	(158)	839
	4,881	(11,331)
Interest income	2,172	137
Other finance income (loss)	$7,053	$(11,194)

In accordance with the terms of certain debt agreements (Notes 12(c), 12(d) and 12(e)) the Company issued common shares pursuant to the formula set out in the agreements in payment of interest owed. The fair value of the common shares on the specific date of issuance was greater than the book value of the interest owed and therefore in compliance with IFRS the Company recorded a loss of $3,356 in the statement of income for the corresponding fair value adjustment.

Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

19. PROVISION FOR REHABILITATION COSTS

On August 4, 2014, the tailings dam at the Mount Polley mine near Likely, British Columbia was breached. At that time, the Company charged to expense the estimated rehabilitation costs, and during the year ended December 31, 2018 the rehabilitation provision was increased by $151 to reflect assumptions and estimates as of that date.

The provision for rehabilitation 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 March 31, 2019, and is subject to revision in the future as further information becomes available to the Company.

Changes in the provision for rehabilitation costs are as follows:

	Three Months Ended March 31 2019	Year Ended December 31 2018
Balance, beginning of the period	$3,332	$5,335
Costs incurred in the period	(230)	(2,154)
Increase in provision	-	151
Balance, end of the period	3,102	3,332
Less portion expected to be incurred within one year	(2,038)	(2,265)
	$1,064	$1,067

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

20. INCOME AND MINING TAX RECOVERY

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Current income and mining taxes recovery (expense)	$8,112	$(251)
Deferred income and mining taxes	5,963	1,492
	$14,075	$1,241

During the reporting period the Company received a favorable judgment with respect to BC mineral tax paid in prior years and recognised a tax receivable of $8,112. Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

21. EARNINGS (LOSS) PER SHARE

Basic earnings per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares outstanding during the year. The basic and diluted earnings per share are the same as there are no instruments that have a dilutive effect on earnings.

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Net Loss	$(2,268)	$(16,166)
Weighted-average number of common shares outstanding	125,088,105	116,858,528
Basic and diluted loss per common share	$(0.02)	$(0.14)
Net Loss from continuing operations	$(2,337)	$(31,078)
Weighted-average number of common shares outstanding	125,088,105	116,858,528
Basic and diluted loss per common share	$(0.02)	$(0.27)
Net Income from discontinued operations	$69	$14,912
Weighted-average number of common shares outstanding	125,088,105	116,858,528
Basic and diluted (loss) earnings per common share	$ -	$0.13

The following common shares that may be issued in relation to the following items have been excluded from the calculation of diluted loss per common share as the result would be anti-dilutive:

	Three Months Ended March 31	
	2019	2018
Stock options	2,512,000	3,432,900
Warrants	909,091	909,091
Convertible debentures	12,386,321	12,386,321

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

22. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Trade and other receivables	$(1,276)	$3,258
Inventory	(3,862)	1,127
Prepaid expenses and deposits	(281)	213
Trade and other payables	(2,852)	(7,593)
Deferred trade payables (Note 9(a))	(1,479)	(363)
Provision for rehabilitation costs	(229)	(252)
	$(9,979)	$(3,610)

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

During the three months ended March 31, 2019, the Company issued 6,327,894 common share at an ascribed value of $1.22 - $1.53 per share for $11,458 in payment of accrued interest on the Junior Credit Facility (Note 12 (c)), the 2014 Convertible Debentures (Note 12(d)) and a portion of the 2015 Convertible Debentures (Note 12(e)). Also see Note 18.

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

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Trade and other payables	$(209)	$124

23. RELATED PARTY TRANSACTIONS

Related party transactions and balances with a significant shareholder, a company controlled by a significant shareholder, companies in which directors are owners, and with directors and officers are as follows:

Statement of Income

	Three Months Ended March 31	
	2019	2018
Loan guarantee fee for guarantee of second lien credit facility (Note 12(a))	$277	$478
Loan guarantee fee for guarantee of senior credit facility (Note 11)	$1,110	$ -
Interest expense	$4,661	$4,138

Statement of Financial Position

	March 31	December 31
	2019	2018
Accrued interest on senior unsecured notes, convertible debentures, junior credit facility and bridge loan	$3,402	$7,010
Junior credit facility	$75,000	$75,000
Senior unsecured notes (March 31, 2019-US$151,765, March 31, 2018-US$53,000)	$202,804	$72,739
Convertible debentures	$59,000	$59,000
Bridge loan	$13,000	$13,000

The Company incurred the above transactions and balances in the normal course of operations.

24. COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The remuneration of the Company's directors and other key management personnel are as follows:

	Three Months Ended March 31	
	2019	2018
Short term benefits[1]	$375	$364
Share based payments[2]	$ -	$ -

(1) Short term employee benefits include salaries, estimated bonuses payable within the year 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, 2019 and 2018.

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

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

25. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. All of the Company's assets are located in Canada, except for assets comprised primarily of the Sterling mine totalling $7,939 as at March 31, 2019 (December 31, 2018-$8,215), which are located in the USA. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

Reportable Segments

	Three Months Ended March 31, 2019					
	Red Chris[1]	Mount Polley	Huckleberry	Sterling	Corporate	Total
Continuing operations:						
Reportable segmented revenues	$ -	$14,552	$382	$ -	$9	$14,943
Less inter-segment revenues	-	(750)	(382)	-	(8)	(1,140)
Revenues from external sources	$ -	$13,802	$ -	$ -	$1	$13,803
Depletion and depreciation	$ -	$2,622	$215	$ -	$7	$2,844
Interest (expense) and other finance income (expense)	$(5,473)	$(3,801)	$1,447	$(173)	$(3,344)	$(11,344)
Net income (loss) from continuing operations	$(1,552)	$(4,724)	$8,334	$(131)	$(4,264)	$(2,337)
Discontinued operations:						
Reportable segmented revenues	$62,454	$ -	$ -	$ -	$ -	$62,454
Less inter-segment revenues	424	-	-	-	-	424
Revenues from external sources	$62,878	$ -	$ -	$ -	$ -	$62,878
Depletion and depreciation	$9,090	$ -	$ -	$ -	$ -	$9,090
Interest (expense) and other finance income (expense)	$(911)	$ -	$ -	$ -	$ -	$(911)
Net income from discontinued operations	$69	$ -	$ -	$ -	$ -	$69
Net income (loss)	$(1,483)	$(4,724)	$8,334	$(131)	$(4,264)	$(2,268)
Capital expenditures (continuing and discontinued operations)	$9,289	$678	$2	$ -	$54	$10,023
Assets from continuing operations	$7,393	$181,090	$239,514	$7,939	$34,569	$470,505
Assets held for sale	1,118,240	-	-	-	-	1,118,240
Total assets	$1,125,633	$181,090	$239,514	$7,939	$34,569	$1,588,745
Liabilities from continuing operations	$752,083	$224,218	$62,946	$9	$3,881	$1,043,137
Liabilities held for sale	133,291	-	-	-	-	133,291
Total liabilities	$885,374	$224,218	$62,946	$9	$3,881	$1,176,428

(1) For the three months ended March 31, 2019 and the comparative period ended March 31, 2018, the Red Chris mine was classified as a discontinued operation and accordingly income (loss) and cash flows from continuing operations are presented exclusive of the Red Chris mine. Refer to Note 3 for further details.

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

	Three Months Ended March 31, 2018 Restated (Note 3)					
	Red Chris[(1)]	Mount Polley	Huckleberry	Sterling	Corporate	Total
Continuing operations:						
Reportable segmented revenues	$ -	$36,333	$302	$ -	$14	$118,565
Less inter-segment revenues	-	(306)	(302)	-	(14)	(653)
Revenues from external sources	$ -	$36,027	$ -	$ -	$ -	$117,912
Depletion and depreciation	$ -	$7,406	$359	$ -	$32	$7,797
Interest (expense) and other finance income (expense)	$(15,173)	$(3,676)	$(143)	$ -	$ -	$(18,992)
Net income (loss) from continuing operations	$(25,042)	$(5,888)	$(1,453)	$880	$425	$(31,078)
Discontinued operations:						
Reportable segmented revenues	$81,916	$ -	$ -	$ -	$ -	$81,916
Less inter-segment revenues	(31)	-	-	-	-	(31)
Revenues from external sources	$81,885	$ -	$ -	$ -	$ -	$81,885
Depletion and depreciation	$13,860	$ -	$ -	$ -	$ -	$13,860
Net income from discontinued operations	$14,912	$ -	$ -	$ -	$ -	$14,912
Net income (loss)	$(10,130)	$(5,888)	$(1,453)	$880	$425	$(16,166)
Capital expenditures (continuing and discontinued operations)	$4,854	$4,227	$1	$ -	$53	$9,135
Total assets	$1,080,602	$312,202	$228,313	$9,541	$31,870	$1,662,528
Total liabilities	$859,579	$231,823	$63,554	$11	$3,633	$1,158,600

(1) For the three months ended March 31, 2019 and the comparative period ended March 31, 2018, the Red Chris mine was classified as a discontinued operation and accordingly income (loss) and cash flows from continuing operations are presented exclusive of the Red Chris mine. Refer to Note 3 for further details.

Revenue by Geographic Area

	Three Months Ended March 31	
	2019	2018 Restated (Note 3)
Switzerland	$13,802	$36,152
United States	-	(125)
Canada	1	-
	$13,803	$36,027

Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

Revenues are attributed to geographic area based on country of customer. In the period ended March 31, 2019, the Company had one principal customer from continuing operations accounting for 100% of revenues (March 31, 2018– two principal customers accounting for 66% and 34%).

The Company’s principal product is copper concentrate (contains copper, gold and silver) which is sold at prices quoted on the London Metals Exchange. The Company sells all of its concentrate and gold production to third party traders.

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

Revenue by Major Product and Service

	Three Months Ended March 31	
	2019	2018
		Restated (Note 3)
Copper	$7,953	$16,679
Gold	5,726	19,342
Silver	123	6
Other	1	-
	$13,803	$36,027

Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

Provisionally Priced Revenues

As a result of the provisional pricing terms in its sales contracts, the Company is exposed to commodity price risk until final pricing is determined. Therefore, revenues in subsequent periods will be adjusted for any changes to provisionally priced accounts receivables outstanding at period end. Final pricing is usually four to five months after the date of shipment and therefore changes in metal prices may have a material impact on the final revenue.

Provisionally priced revenues for continuing operations is comprised of the following:

	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018	
	Provisional lb/oz	Provisional Price per lb/oz	Provisional lb/oz	Provisional Price per lb/oz
			Restated (Note 3)	
	000's	*US$*	*000's*	*US$*
Copper	9,291.1	$2.94	8,199.6	$3.04
Gold	16.1	$1,293	13.0	$1,325

Red Chris mine operations were classified as discontinued operations for three months ended March 31, 2019 and March 31, 2018 accordingly (Note 3).

26. 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 12(b)), management believes that the carrying value of remaining non-current and short term debt approximates fair value. At March 31, 2019, the fair value of the Notes is $416,926 (December 31, 2018-$297,055) based on a quote received from dealers that trade the Notes.

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.

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

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as March 31, 2019 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	$6,012	$ -	$6,012
Marketable securities	933	-	933
Provisionally priced accounts receivables	-	2,072	2,072
Future site reclamation deposits	14,324	-	14,324
	21,269	2,072	23,341
Financial Liabilities			
Amounts owing on provisionally priced receivables included in trade and other payables	-	(971)	(971)
	$21,269	$1,101	$22,370

27. COMMITMENTS AND PLEDGES

(a) At March 31, 2019, the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets (Note 7)	$14,324
Mineral property, plant and equipment	28,370
Letters of credit (Note 11)	42,500
	$85,194

(b) The Company has provided $28,370 for reclamation bonding obligations by securing certain plant and equipment. This security may be required to be replaced with cash security.

(c) At March 31, 2019, the Company had commitments of $nil for expenditures on mineral properties.

28. CONTINGENT LIABILITIES

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

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, British Columbia was breached and March 31, 2019 the Company has a provision of $3,102 for future rehabilitation activities related to the Mount Polley mine tailings dam breach (Note 19). The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required and is subject to revision in the future as further information becomes available to the Company.

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. 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, 2019. However, the Company is of the view that the allegations contained in the Claim are without merit and intends to vigorously defend its position.

29. SUBSEQUENT EVENT

Subsequent to March 31, 2019, the Company obtained a $10,000 unsecured line of credit (the "2019 LOC") from a related party. The 2019 LOC is due on September 15, 2019 with interest payable monthly at 12% per annum.

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