Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements and all information in the annual report are the responsibility of management. These consolidated financial statements have been prepared by management in accordance with the accounting policies described in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances. The financial information elsewhere in the annual report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records are properly maintained to provide reliable information for preparation of financial statements. Deloitte LLP, Chartered Professional Accountants, has been engaged, as approved by a vote of the shareholders at the Company's most recent Annual General Meeting, to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provide an independent auditor's opinion. Their report is presented with the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee of the Board. This Committee, which is comprised of a majority of non-management Directors, meets with management and the external auditors to satisfy itself that management's responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

/s/ J. Brian Kynoch	*/s/ Andre Deepwell*
J. Brian Kynoch President	Andre Deepwell Chief Financial Officer

March 24, 2020

Independent Auditor's Report

To the Shareholders of
Imperial Metals Corporation:

Opinion

We have audited the consolidated financial statements of Imperial Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Leigh Derksen.

/s/Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 24, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

expressed in thousands of Canadian dollars

	Notes	December 31 2019	December 31 2018
ASSETS			
Current Assets			
Cash		$89,953	$18,574
Marketable securities		39	1,325
Trade and other receivables	5	5,759	7,084
Inventory	6	13,080	49,282
Prepaid expenses and deposits		2,968	6,666
		111,799	82,931
Mineral Properties	7	890,334	1,432,783
Other Assets	8	47,254	51,752
Deferred Income Tax Assets	22	9,115	6,437
		$1,058,502	$1,573,903
LIABILITIES			
Current Liabilities			
Trade and other payables	9	$49,300	$104,621
Taxes payable		868	773
Short term debt	12	-	121,773
Provision for rehabilitation costs	21	1,146	2,265
Current portion of debt	13	1,300	603,648
Current portion of other obligations	11	3,933	39,321
		56,547	872,401
Provision for Rehabilitation Costs	21	938	1,067
Non-Current Debt	13	2,516	145,847
Deferred Trade Payables	10	4,686	4,428
Other Obligations	11	-	13,108
Future Site Reclamation Provisions	14	99,503	97,668
Deferred Income Tax Liabilities	22	159,244	36,152
		323,434	1,170,671
EQUITY			
Share Capital	15	319,216	304,364
Contributed Surplus	15	40,302	45,411
Currency Translation Adjustment		7,762	8,094
Retained Earnings		367,788	45,363
		735,068	403,232
		$1,058,502	$1,573,903
Commitments and Pledges	29		
Contingent Liabilities	30		

See accompanying notes to these consolidated financial statements.

Approved by the Board and authorized for issue on March 24, 2020

/s/ Larry G. Moeller — Director

/s/ J. Brian Kynoch — Director

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

Years Ended December 31, 2019 and 2018

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

	Notes	2019 (Note 31)	2018 (Note 31)
Continuing Operations			
Revenue		$71,823	$104,437
Cost of Sales	16	(78,392)	(125,511)
Loss from Mine Operations		(6,569)	(21,074)
General and Administration	17	(4,732)	(5,532)
Idle Mine Costs		(16,526)	(5,492)
Interest Expense	18	(46,273)	(73,357)
Other Finance Income (Loss)	19	5,540	(38,769)
Rehabilitation Costs	21	-	(151)
Impairment of mineral properties	7	-	(109,204)
Other Income	20	255	108,054
Gain on Sale of Sterling		-	296
Loss before Taxes		(68,305)	(145,229)
Income and Mining Tax Recovery	22	28,039	35,765
Net Loss from continuing operations		(40,266)	(109,464)
Net Income (Loss) from discontinued operations including gain on sale and revaluation of interest in Red Chris, net of tax	3	362,002	(16,131)
Net Income (Loss)		321,736	(125,595)
Other Comprehensive Income (Loss)			
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment		(332)	557
Total Comprehensive Income (Loss)		$321,404	$(125,038)
Income (Loss) Per Share			
Basic	23	$2.53	$(1.06)
Diluted	23	$2.53	$(1.06)
Loss from Continuing Operations Per Share			
Basic	23	$(0.32)	$(0.92)
Diluted	23	$(0.32)	$(0.92)
Income (Loss) from Discontinued Operations Per Share			
Basic	23	$2.85	$(0.14)
Diluted	23	$2.85	$(0.14)
Weighted Average Number of Common Shares Outstanding			
Basic	23	127,277,090	118,939,728
Diluted	23	127,277,090	118,939,728

See accompanying notes to these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2019 and 2018

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

	Share Capital		Contributed Surplus						
	Number of Shares	Amount	Share Option Reserve	Warrant Reserve	Equity Component of Convertible Debentures	Total	Currency Translation Adjustment	Retained Earnings	Total
Balance December 31, 2017	114,505,472	$290,201	$18,582	$689	$25,534	$44,805	$7,537	$170,958	$513,501
Issued for payment of interest on debt	6,277,113	14,163	-	-	-	-	-	-	14,163
Share based compensation expense	-	-	606	-	-	606	-	-	606
Total comprehensive income (loss)	-	-	-	-	-	-	557	(125,595)	(125,038)
Balance December 31, 2018	120,782,585	304,364	19,188	689	25,534	45,411	8,094	45,363	403,232
Issued for payment of interest on debt	7,707,589	14,852	-	-	-		-	-	14,852
Expiry of warrants	-	-	-	(689)	-	(689)	-	689	-
Loss on early repayment of convertible debentures, net of tax	-	-	-	-	(4,628)	(4,628)	-	-	(4,628)
Share based compensation expense	-	-	208	-	-	208	-	-	208
Total comprehensive income (loss)	-	-	-	-	-	-	(332)	321,736	321,404
Balance December 31, 2019	128,490,174	$319,216	$19,396	$ -	$20,906	$40,302	$7,762	$367,788	$735,068

See accompanying notes to these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 and 2018

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

	Notes	December 31 2019 (Note 31)	December 31 2018 (Note 31)
OPERATING ACTIVITIES			
Loss before taxes from continuing operations		$(68,305)	$(145,229)
Items not affecting cash flows			
Depletion and depreciation		19,930	26,109
Impairment of mineral properties	7	-	109,204
Share based compensation		215	713
Accretion of future site reclamation provisions		2,598	2,762
Unrealized foreign exchange (gains) losses		(9,548)	35,556
Fair value adjustment for debt settled in common shares	12	3,328	-
Loss on repayment of convertible debentures		1,766	-
Interest expense	18	46,273	73,357
Other		132	3,996
		(3,611)	106,468
Net change in non-cash operating working capital balances	24	(1,009)	9,728
Income and mining taxes refunded (paid)		10,522	(2,286)
Interest paid		(53,259)	(49,131)
Operating cash flows (used in) provided by continuing operations		(47,357)	64,779
Operating cash flows provided by discontinued operations	3	29,202	9,974
Cash (used in) provided by operating activities		(18,155)	74,753
FINANCING ACTIVITIES			
Proceeds of short term debt	12	50,381	286,829
Repayment of short term debt	12	(172,257)	(196,158)
Proceeds of non-current debt, net of deferred financing costs	13	130,704	70,203
Repayment of non-current debt	13	(864,161)	(203,038)
Lease payments		(468)	(53)
Cash used in financing activities in continuing operations		(855,801)	(42,217)
Cash used in financing activities in discontinued operations	3	(5,362)	(760)
Cash used in financing activities		(861,163)	(42,977)
INVESTING ACTIVITIES			
Acquisition and development of mineral properties		(19,952)	(14,479)
Deferred royalty proceeds		-	22,156
Repurchase of deferred royalty		-	(22,156)
Net change in non-cash investing working capital balances	24	1,690	2,311
Payment of other obligations		(11,135)	-
Proceeds on sale of marketable securities		1,234	1,505
Proceeds on sale of mineral properties		42	99
Other		5	(5)
Investing cash flows used in continuing operations		(28,116)	(10,569)
Investing cash flows provided by (used in) discontinued operations	3	979,222	(54,807)
Cash provided by (used in) investing activities		951,106	(65,376)
EFFECT OF FOREIGN EXCHANGE ON CASH		(409)	279
INCREASE (DECREASE) IN CASH		71,379	(33,321)
CASH, BEGINNING OF YEAR		18,574	51,895
CASH, END OF YEAR		$89,953	$18,574

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:

- 30% interest in the 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.

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.

On August 15, 2019, the Company completed the sale of a 70% interest in its Red Chris copper and gold mine to Newcrest Mining Limited (Newcrest). The Company and Newcrest have formed a joint venture for the operation of Red Chris, with Newcrest acting as operator (Note 3). The Company retains a 30% beneficial interest in the Red Chris mine. Proceeds from the sale of Red Chris were utilized to repay substantially all of the debt of the Company (Notes 12 and 13).

Red Chris mine operations were classified as discontinued operations for the period of January 1 to August 14, 2019 and for the year ended December 31, 2018 (Note 3).

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The preparation of consolidated financial statements in conformity with IFRS 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.

Basis of Presentation

The Company's consolidated financial statements and those of all of its controlled subsidiaries are presented in Canadian dollars as this is the presentation and functional currency for all its operations except for the Company's US subsidiary, Sterling Gold Mining Corporation, which has US dollars as its functional currency.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and those entities which are controlled by the Company. Control is achieved when the Company has power over the investee; is exposed to or has rights to variable returns from its investment with the investee; and has the ability to use its power to affect its returns. All inter-company balances, transactions, revenues and expenses have been eliminated upon consolidation.

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the net assets of the arrangement. Joint control is considered to exist when all parties to the joint arrangement are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint ventures are recognized as an investment and accounted for using the equity method of accounting.

Joint Operations

A joint operation is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and whereby each party has rights to the assets and liabilities relating to the arrangement. Joint control is considered to exist when all parties to the joint arrangement are required to reach unanimous consent over decisions about relevant business activities pertaining to the contractual arrangement. Interests in joint operations are accounted for by recognizing the Company's share of assets, liabilities, revenues and expenses incurred jointly.

Joint Operations Without Sharing Control

The Company participates in an unincorporated arrangement and has rights to its share of the undivided assets, liabilities, revenues and expenses of the property, subject to the arrangement, rather than a right to a net return, and does not share joint control. All such amounts are measured in accordance with the terms of the arrangement, which is based on the Company's proportionate interest in the asset, liabilities, revenues and expenditures of the property and recorded in the financial statements in the appropriate line items according to their nature. The Company's proportionate share includes certain adjustments to ensure consistency of accounting policies with those of the Company.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests ("NCI") in the acquiree. For each business combination, the Company elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Mineral reserves, resources and exploration potential that can be reliably measured are recognized separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognized separately, but instead are subsumed in goodwill.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition-date fair value, and any resulting gain or loss is recognized in the statement of profit or loss and other comprehensive income. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 is measured at fair value, with changes in fair value recognized in profit or loss in the statement of profit or loss and other comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the fair value of the identifiable net assets acquired and liabilities assumed). If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation of and the portion of the CGU retained.

Inventory

Copper concentrates, inclusive of contained gold and silver, and costs associated with stockpile ore are valued on a first in first out basis at the lower of production cost to produce saleable metal and net realizable value. Net realizable value is calculated as described under "Revenue Recognition". Production costs include direct labour, operating materials and supplies, transportation costs and applicable overhead, and depletion and depreciation.

Stores and supplies inventories are valued at the lower of cost and net realizable value. Cost includes acquisition cost and any directly related costs, including freight.

The portion of the ore stockpile and supplies that are to be processed/used more than 12 months from the reporting date and critical spare items, which might impact production if unavailable, are classified as other assets.

Materials and supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock and a general allowance for obsolescence. A regular review is undertaken to determine the extent of any provision for obsolescence.

Mineral Properties

Mineral properties represent capitalized expenditures related to the development of mining properties, related plant and equipment, expenditures related to exploration activities and expenditures arising from property acquisitions. Capitalized costs include interest and financing costs for amounts borrowed to develop mining properties and construct facilities, and operating costs, net of revenues, incurred prior to the commencement of commercial production.

The costs associated with mineral properties are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. The value associated with resources and exploration potential is the value beyond proven and probable reserves assigned through acquisition. The value allocated to reserves is depleted on a unit-of-production method over the estimated recoverable proven and probable reserves at the mine. The reserve value is noted as mineral properties being depleted in Note 7.

The resource value represents the property interests that are contained in the measured and indicated resources that are not within the proven and probable reserves. Exploration potential is (i) mineralization included in inferred resources; (ii) areas of potential mineralization not included in any resource category.

Resource value and exploration potential value is noted as mineral properties not being depleted in Note 6. At least annually or when otherwise appropriate and subsequent to its review and evaluation for impairment, value from the non-depletable category is transferred to the depletable category if resources or exploration potential have been converted into reserves.

Capitalized costs for mineral properties being depleted are depleted by property using the unit-of-production method over the estimated recoverable proven and probable reserves at the mines to which they relate.

Commencement of Commercial Production

On the commencement of commercial production, net costs are charged to operations using the unit-of-production method by property based upon estimated recoverable reserves. Management considers a number of factors related to the ability of a property to operate at its design capacity over a specified period of time in determining when a property has reached commercial production. These factors include production levels as intended by management, plant throughput quantities, recovery rates, and number of uninterrupted days of production.

Property, Plant and Equipment

Property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Capitalized costs include the fair value of consideration given to acquire or construct an asset, capitalized interest related to that asset and includes the direct charges associated with bringing the asset to the location and condition necessary for placing it into use along with the future cost of dismantling and removing the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The costs of major overhauls of parts of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in income or loss as incurred.

Milling equipment and related buildings, intangible assets used in production, and tailings facilities are depleted on a unit-of-production basis over the estimated recoverable proven and probable reserves at the mines to which they relate.

Mobile mine equipment and vehicles are depreciated over the estimated useful lives of the assets either on a unit-of-production basis or using the straight line method with useful lives of 4-12 years. Office, computer and communications equipment are depreciated using the straight line method with useful lives of 4-5 years. The estimated residual value and useful lives are reassessed at each year end and depreciation expense is adjusted on a prospective basis.

Stripping Costs

Costs associated with the removal of overburden and rock that are incurred in the production phase of mining operations are included in the cost of the inventory produced in the period in which they are incurred, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortized over the reserve accessed by the stripping activity using the unit-of-production method as these reserves will directly benefit from the deferred stripping costs incurred.

Assessment of Impairment

Management reviews the carrying value of exploration and evaluation properties at the end of each reporting period for evidence of impairment. This review is generally made with reference to timing of exploration work, work programs proposed, and the exploration results achieved by the Company and by others in the related area of interest.

Post-feasibility exploration properties, producing mining properties and plant and equipment are reviewed at the end of each reporting period for evidence of impairment at the cash generating unit (CGU) level. A CGU is defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any such indication exists, the entity shall estimate the recoverable amount of the CGU to determine if it exceeds the CGU's carrying value.

The recoverable amount for a CGU is the greater of the fair value less cost of disposal (FVLCD) and the value in use. Fair value less cost of disposal is the amount that would be received by the Company to sell a CGU in a transaction between arms-length parties less any costs directly attributable to the disposal of the CGU. Value in use is the present value of future cash flows expected to be derived by the Company from the CGU, which is estimated using discounted cash flow techniques. When it is not possible to determine fair value less cost of disposal by quotes from an active market, a written offer to purchase the CGU, or a binding sales agreement to purchase the CGU, the Company estimates the fair value less cost of disposal using discounted cash flow techniques. Resources in the measured and indicated categories are valued using estimated fair values based on market transactions.

Discounted cash flow techniques are dependent on a number of factors, including future metal prices, the amount of reserves, resources and exploration potential, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and future site reclamation costs. Additionally, the reviews take into account factors such as political, social, legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts in assessing these factors.

Post-feasibility exploration properties, producing mining properties and plant and equipment that have been impaired in prior periods are tested for evidence of possible impairment reversal whenever events or significant changes in circumstances indicate that the impairment may have been reversed. Indicators of a potential reversal of an impairment loss mainly mirror the indicators present when the impairment was originally recorded

An impairment loss or reversal thereof is recognized in income or loss to the extent that the carrying amount exceeds or is below the recoverable amount.

Future Site Reclamation Costs

The Company's mining and exploration activities are subject to various statutory, contractual or legal obligations for protection of the environment. At the date the obligation is incurred, the Company records a liability, discounted to net present value, for the best estimate of future costs to retire an asset including costs for dismantling, remediation and ongoing treatment and monitoring of the site. The present value is determined using a pre-tax risk free interest rate. The liability is accreted over time to the estimated amount ultimately payable through periodic charges to income or loss. The estimated present value of the future site reclamation costs are reviewed for material changes at each reporting date and re-measured at least annually or when there are significant changes in the assumptions giving rise to the estimated cash flows.

Future site reclamation costs are capitalized as part of the carrying value of the related mineral property at its initial discounted value and amortized over the useful life of the mineral property using the unit-of-production method. Subsequent changes to future site reclamation costs are recorded with a corresponding change to the carrying amounts of related mineral property.

Income and Mining Taxes

The Company accounts for income and mining taxes using the liability method. Under this method, deferred tax assets and deferred tax liabilities are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of deferred tax assets, including unused tax losses and tax credits, are recognized to the extent that it is probable that taxable profit will be available against the deductible temporary difference and the tax loss and tax credits can be utilized. These deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized.

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax bases. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination which does not affect either accounting or taxable income or loss. Government assistance, including investment tax credits, is credited against the expenditure generating the assistance when it is probable that the government assistance will be realized.

Revenue Recognition

The revenue from sale of concentrate is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the concentrate to a customer. The Company established a five-step model to account for revenue arising from contracts with customers: to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. The Company exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of revenue recognition model to contracts with customers.

The revenue from the sale of concentrate is recognized at the point in time when control of the concentrate passes to the customer which occurs when title transfer to the customer and on the date of shipment.

Revenue is recorded in the statement of income and comprehensive income net of treatment and refining costs and royalties paid to counterparties under terms of the off take arrangements. The estimated revenue is recorded based on metal prices and exchange rates on the date of shipment and is adjusted at each reporting date to the metal prices at the date of settlement. The actual amounts will be reflected in revenue upon final settlement, which could be as long as four to five months after the date of shipment. These adjustments reflect changes in metal prices and changes in quantities arising from final weight and assay calculations. The adjustments are constrained and are only recognized to the extent that it is highly probable that a significant reversal of in the amount of cumulative revenue recognized will not occur.

Financial Assets

Financial assets are initially measured at fair value and are subsequently measured at either amortized cost or fair value through profit or loss, depending on the classification of the financial assets.

The classification of assets is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics and the Company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of a year or less, are measured at the transaction price determined under IFRS 15 in accordance with revenue recognition accounting policy. For other financial assets, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs. The Company records the fair value of marketable securities at the reporting date using quoted market prices.

The Company has categorized its financial assets in accordance with International Financial Reporting Standard 9, Financial Instruments ("IFRS 9") into one of the following two categories:

Fair Value Through Profit or Loss

Includes equity investments, gold and copper price contract assets, gold and copper swap contracts, copper forward contracts, and other financial assets designated to this category under the fair value option. The Company has assessed the contractual cash flows of its provisionally priced contracts in accordance with IFRS 9 and has classified these receivables as fair value through profit or loss ("FVTPL").

Financial Assets at Amortized Cost

Includes cash, future site reclamation deposits and trade receivables at amortized cost.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Company is the last bid price of the day.

Financial assets measured at amortized cost are subject to an allowance for expected credit losses based on the historic experience realizing these assets and information available about the probability of future collection. The Company applies a simplified lifetime expected credit loss model to measure expected credit losses for trade and other receivables that are not measured at FVTPL.

Impairment losses are recognized in income or loss in the period they occur based on the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The Company recognizes an impairment gain or loss in profit or loss for its financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial Liabilities

Financial liabilities are accounted for at amortized cost except for those at FVTPL which includes liabilities designated as FVTPL and derivatives. Financial liabilities classified as FVTPL or those which are designated as FVTPL under the fair value option are measured at fair value with unrealized gains and losses recognized in net earnings. In cases where financial liabilities are designated as FVTPL, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of operations. Financial liabilities at amortized cost are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost.

The Company has classified its financial liabilities in accordance with IFRS 9 into one of the following two categories:

Fair Value Through Profit or Loss

Includes settlement payables related to copper price option contract liabilities.

Financial Liabilities at Amortized Cost

Includes trade and other payables and long-term debt.

Foreign Currency Translation

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the actual rate prevailing at the date of transaction. Each reporting period foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of the entity are recognized in the statement of income and comprehensive income.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at the actual rate prevailing at the date of transaction. Equity is translated at historical cost. The resulting translation adjustments are included in currency translation adjustment in other comprehensive income. Additionally, foreign exchange gains and losses related to the settlement of certain intercompany loans are also included in equity as the settlement of these loans is neither planned nor likely to occur in the foreseeable future.

Foreign exchange gains and losses that relate to debt are presented in the statement of income and comprehensive income within "Finance Costs". All other foreign exchange gains and losses are presented in the statement of income and comprehensive income within "General and Administration".

Reportable Segment Information

The Company's operations are primarily directed towards the exploration, development and production from its mineral properties in Canada. The Company has five reportable segments, Red Chris, including related exploration and development activities, Mount Polley, including related exploration and development activities, Huckleberry, including related exploration and development activities, Sterling, including related exploration and development activities and Corporate, including all other properties and related exploration and development activities.

Share Based Payments

The Company has a share option plan that provides all option holders the right to receive common shares in exchange for the options exercised which is described in Note 14(b). The fair value of each option award that will ultimately vest is estimated on the date of grant using the Black-Scholes option-pricing model. Compensation expense is determined when stock options are granted and recognized in operations over the vesting period of the option. Consideration received on the exercise of stock options is recorded as share capital and the related share-based amounts of contributed surplus are credited to share capital.

Borrowing Costs

The Company expenses borrowing costs when they are incurred, unless they are directly attributable to the acquisition of mineral properties or construction of property, plant and equipment extending over a period of more than twelve months.

Income (Loss) Per Common Share

Basic net income (loss) per common share is computed using the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share is computed in accordance with the treasury stock method and "if converted" method, as applicable, which uses the weighted average number of common shares outstanding during the period and also includes the dilutive effect of potentially issuable common shares from outstanding stock options, warrants and convertible debentures.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

(i) Critical Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Revenue Recognition

Determination of performance obligations. The Company applied judgement to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is the delivery of the concentrates. Shipping and insurance services arranged by the Company for its concentrate sales customers that occur after the transfer of control are also considered to be performance obligations.

Transfer of control. Judgement is required to determine when transfer of control occurs relating to the sale of the Company's concentrate to its customers. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, and whether the physical possession of the goods, significant risks and rewards and legal title have been transferred to the customer.

Variable consideration. Variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company identified a variable component of its revenue for concentrate sales relating to adjustments to the final sales price based on differences between the original and final assay results relating to the quantity and quality of concentrate shipments. Based on the Company's proficiency in its assaying process, evidenced by the insignificant amount of historical adjustments from the initial to final assays, the Company concluded the variability in consideration caused by assaying results was negligible. Therefore, the Company does not expect a significant amount of reversal in revenue related to assaying differences.

Impairment of Mineral Properties and Goodwill

Both external and internal information is reviewed and considered by management in their assessment of whether there are indicators that mineral properties and goodwill are impaired. External sources of information include changes in the market, economic and legal environment, in which the Company operates, that are not within its control and affect the recoverable amount of its mineral properties, plant and equipment. The internal sources of information include the manner in which mineral properties, plant and equipment are being used or are expected to be used and indications of economic performance of assets. In determining the recoverable amounts of producing mineral properties and goodwill management estimates the discounted future pre-tax cash flows expected to be derived from the Company's producing mineral properties. Reductions in commodity prices, increases in estimated future production and capital costs, reductions in mineral reserves and exploration potential and adverse economic events can result in impairment charges. In determining the economic recoverability and probability of future economic benefit of non-producing mineral properties management also considers geological information, likelihood of conversion of resources to reserves, estimated market values of measured and indicated resources, scoping and feasibility studies, permitting, infrastructure, development costs, and life of mine plans.

Interests in Other Entities

As part of its process in determining the classification of its interests in other entities, the Company applies judgment in interpreting these interests such as

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

The Company has determined that Newcrest Red Chris Joint Venture represent joint operations without sharing control and Ruddock Creek Joint Venture is joint operations with shared control.

Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Canadian dollar is the functional currency for all operations of the Company except for the Company's US subsidiary which uses the US dollar as its functional currency. Determination of the functional currency involves certain judgments to determine the primary economic environment of each entity. If events and conditions in this environment change then the Company may need to reconsider the functional currency of these entities.

Contingencies

Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. Such contingencies include, but are not limited to, environmental obligations, litigation, regulatory proceedings, tax matters and losses results from other events and developments. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgement regarding the outcome of future events.

(ii) Critical Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Reserve and Resource Estimates

The Company estimates its reserves and resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projec*ts. There are numerous uncertainties inherent in estimating reserves and resources, including many factors beyond the Company's control. Assumptions used in estimating reserves and resources include the forecast prices of commodities, exchange rates, production and capital costs, recovery rates and judgments used in engineering and geological interpretation of available data. Assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Estimated reserves are used in the calculation of depreciation and depletion, impairment assessment on mineral properties and goodwill, assessment of life of pit stripping ratios and for forecasting the timing of future site reclamation costs. Therefore, changes in the estimates and assumptions used to determine reserves could have a material effect in the future on the Company's financial position and results of operations.

Depletion and Depreciation of Mineral Properties

Depletion and depreciation of mineral properties is based on the estimated mineral reserves for each mineral property subject to depletion and estimated useful lives and depreciation rates for property, plant and equipment. Should asset life, depletion rates or depreciation rates differ from the initial estimate then this would impact the carrying value of the assets resulting in the adjustment being recognized in the consolidated statement of income.

Stripping Costs

The determination of costs associated with the removal of overburden and rock involve estimates related to whether or not these costs represent a betterment to the mineral property. Management uses several factors to determine whether to capitalize stripping costs including quantity and grade of materials being accessed, estimated future commodity prices, operating costs and life of mine plan. If any of these factors change then the determination of which materials are included in stripping costs may change resulting in higher mine operating costs in future periods.

Future Site Reclamation Provisions

Future site reclamation provisions represent management's estimate of the present value of future cash outflows required to settle estimated reclamation obligations at the end of a mine's life. The provision incorporates estimated future costs, inflation, and risks associated with the future cash outflows, discounted at the risk free rate for the future cash outflows. Changes in any of these factors can result in a change to future site reclamation provisions and the related accretion of future site reclamation provisions. Changes to future site reclamation provisions are charged or credited to mineral properties and may result in changes to future depletion expense.

Provision for Rehabilitation Costs

The provision for rehabilitation costs represents management's estimate of the future cash outflows required to settle the estimated rehabilitation costs related to the August 4, 2014 Mount Polley mine tailings dam breach. The provision incorporates the Company's estimate of costs for rehabilitation, including geotechnical investigations, environmental monitoring, community relations, communications and related corporate support costs. The provision is based on the scope and timing of work as determined by the Company in consultation with regulatory agencies and incorporates the risks associated with each activity. Changes in any of these factors can result in a change to the provision for rehabilitation costs.

Income Taxes

In determining tax assets and liabilities and related tax expense management makes estimates of future taxable income, tax rates, expected timing of reversals of existing temporary differences and the likelihood that tax returns as filed by the Company will be assessed by taxation authorities as filed. Recoveries of deferred tax assets require management to assess the likelihood that the Company will generate sufficient taxable income in future periods to recognize the deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets could be impacted.

Share Based Compensation

The Company used the Black-Scholes Option Pricing Model for valuation of share based compensation. This pricing model requires the input of subjective assumptions including expected price volatility, interest rate and estimated forfeiture rate. Changes in these assumptions can materially affect the fair value estimate of share based compensation and the related equity accounts of the Company.

New Standards, Interpretations and Amendments

The Company applied IFRS 16 and IFRIC 23 for the first time from January 1, 2019. The nature and the effect of these changes as a result of the adoption of the new standards are disclosed below. Other than the changes described below the accounting policies adopted are consistent with those of the previous financial year.

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 (IAS 17), 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 adoption of IFRS 16 did not have an impact to the consolidated financial statements as all leases under IFRS 16 had been previously capitalized under IAS 17. All leases continue to be recorded at the carrying value immediately before adoption and post adoption are accounted for as lease liabilities and right-of-use assets under IFRS 16. As a result, no increase to asset and liabilities was recorded and therefore there was 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 in-substance 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 the existence of uncertain tax positions where the accounting would be impacted by the provisions of IFRIC 23. Based on the assessment performed, the interpretation did not have an impact on the consolidated financial statements of the Company.

Accounting Standards Issued But Not Yet Adopted

Definition of a Business

In October 2018, the IASB issued amendments in Definition of a Business (Amendments to IFRS 3) which:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Management determined that these amendments do not have an impact on the consolidated financial statements of the Company.

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

3. DISCONTINUED OPERATIONS

(a) Operations to August 14, 2019

On February 20, 2019, the Company initiated a process for the sale of the Red Chris mine. On March 10, 2019, the Company entered into a binding agreement to sell a 70% interest in the Red Chris mine to Newcrest, while retaining a 30% beneficial interest in the mine. The disposal was completed on August 15, 2019, on which date control passed to Newcrest.

As a result of the loss of control in Red Chris and conversion of the controlling interest into a 30% beneficial interest, the Company determined that effective February 20, 2019 the Red Chris mine met the criteria as a discontinued operations under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

For the period from January 1 to August 14, 2019 and for the year ended December 31, 2018, the net income (loss) from the Red Chris mine is reported as income (loss) from discontinued operations. From August 15, 2019 onwards, the results from the Red Chris mine are reported in the financial statements in the appropriate line items according to their nature and the Company's proportionate interest in the asset, liabilities, revenues and expenditures of the Red Chris mine.

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

The net income (loss) from Red Chris mine and the gain on sale and revaluation of interest in the Red Chris mine for the period January 1 to August 14, 2019, and the revenue revaluation in relation to the discontinued operations during the period from August 15 to December 31, and the comparative period of the year ended December 31, 2018 are as follows:

	Period January 1 to August 14 2019 (Note 31)	Year Ended December 31 2018 (Note 31)
Revenue	$164,993	$255,736
Cost of Sales [1]	(149,947)	(267,665)
Income (Loss) from Mine Operations	15,046	(11,929)
General and Administration	(27)	(381)
Interest Expense	(2,797)	(5,066)
Other Finance Income (Loss)	99	(1,052)
Other Expense	(95)	-
Income (loss) before Taxes and Undernoted Items	12,226	(18,428)
Gain on Sale and Revaluation of Interest in Red Chris mine (Note 3(b))	440,123	-
Income (Loss) before Taxes	452,349	(18,428)
Income and Mining Tax (Expense) Recovery	(90,347)	2,297
Net Income (Loss) from Discontinued Operations	$362,002	$(16,131)

(1) The Company stopped depreciation and depletion of the Red Chris mine assets effective February 20, 2019 when the assets held-for-sale criteria was met.

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 discontinued operations related to the Red Chris mine for the period January 1 to August 14, 2019, and the year ended December 31, 2018.

	Period January 1 to August 14 2019 (Note 31)	Year Ended December 31 2018 (Note 31)
OPERATING ACTIVITIES		
Income (loss) before taxes from discontinued operations	$452,349	$(18,428)
Items not affecting cash flows		
Depletion and depreciation	9,287	48,931
Share based compensation	(7)	(107)
Foreign exchange gain	(761)	1,114
Gain on sale and revaluation of interest in Red Chris mine	(440,123)	-
Accretion of future site reclamation provisions	280	405
Interest expense	2,797	5,066
	23,822	36,981
Net change in non-cash operating working capital balances	6,540	(24,146)
Income and mining taxes paid	(535)	(750)
Interest paid	(625)	(2,111)
Operating cash flows provided by discontinued operations	$29,202	$9,974
FINANCING ACTIVITIES		
Repayment of non-current debt	$(3,410)	$(2,181)
Proceeds from non-current debt	-	2,800
Lease payments	(1,952)	(1,379)
Financing cash flows used in discontinued operations	$(5,362)	$(760)
INVESTING ACTIVITIES		
Acquisition and development of mineral properties	$(29,424)	$(46,980)
Proceeds on sale of 70% interest in Red Chris mine, net of transaction costs	1,007,972	-
Net change in non-cash investing working capital balances	674	(7,827)
Investing cash flows provided by (used in) discontinued operations	$979,222	$(54,807)

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

(b) Gain on sale and revaluation of interest in Red Chris mine

On August 15, 2019, the Company completed the sale of a 70% interest in the Red Chris mine to Newcrest. The identifiable assets and liabilities disposed of on the sale of the 70% interest in Red Chris are as follows:

	August 15 2019
Proceeds, net of transaction costs	$1,007,972
Assets	
Accounts receivable and prepaid expenses	985
Inventory	41,252
Mineral Properties	763,090
	805,327
Liabilities	
Trade and other payables	34,451
Deferred payables	5,618
Debt	9,332
Other obligations	37,669
Future site reclamation provisions	12,350
	99,420
Total net assets	705,907
Gain on disposal of 70% interest in Red Chris mine	302,065
Gain on revaluation of 30% interest in Red Chris mine to fair value	138,058
Gain on sale and revaluation of interest in Red Chris mine	$440,123

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

4. RED CHRIS MINE JOINT OPERATIONS

The Company and Newcrest entered into an unincorporated arrangement for the operation of the Red Chris mine with Newcrest acting as operator. The beneficial interests in the Red Chris mine are owned 70% by Newcrest and 30% by the Company. Under the Joint Venture Agreement ("JVA"), the Company has rights to its share of assets and liabilities of the arrangement rather than a right to a net return. The Company has recognized its interests in assets and liabilities, revenue of its share of the output by the unincorporated arrangement, and associated expenses. All such amounts have been measured in proportion to the Company's 30% interest in the arrangement. These amounts have been recorded in the Company's consolidated financial statements on the appropriate lines.

In accordance with IFRS the acquisition of the 30% interest in the Red Chris Joint Venture is accounted for as a business combination.

a) Provisional fair values

The Company has provisionally estimated the acquisition date fair values of the acquired assets and liabilities for its 30% share of the Red Chris Joint Venture. These provisional amounts will be adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The acquisition date fair values are described as provisional due to further valuation work needed on the fair value of mineral properties, deferred income tax liabilities and goodwill.

Summary of provisional fair values are disclosed in the table below. The balances are subject to a debt and working capital adjustment which is expected to be completed by June 30, 2020.

	August 15 2019
Assets and Liabilities acquired	
Inventory	$ 8,868
Prepaid expenses and deposits	422
Mineral properties	514,411
Other assets	8,811
Total Assets	532,512
Trade and other payables	(17,171)
Lease obligations	(4,000)
Other obligations	(16,144)
Future site reclamation costs	(5,293)
Deferred Income Tax Liabilities	(50,132)
Total Liabilities	(92,740)
Total identifiable net assets at fair value	$439,772

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

b) Operational performance

The following table summarizes the Company's 30% share of the Red Chris Joint Venture, including the provisional fair values of identified assets acquired and liabilities assumed at the acquisition date.

Statement of Financial Position

	December 31 2019
ASSETS	
Current Assets	
Cash	$17,193
Trade and other receivables	2,266
Inventory	11,526
Prepaid expenses and deposits	1,392
	32,377
Mineral Properties	516,703
Other Assets	9,968
	$559,048
LIABILITIES	
Current liabilities	
Trade and other payables	$14,073
Current portion of debt	953
Current portion of other obligations	3,933
	18,959
Future Site Reclamation Costs	4,743
Non-Current debt	2,469
Deferred Income Tax Liabilities	50,132
	76,303
Equity in Red Chris Joint Venture	484,874
Operating loss	(2,129)
	482,745
	$559,048

The following table summarizes the Company's 30% share of the Red Chris Joint Venture Statement of Operations.

Taxes are accounted for separately by each joint venturer and therefore are not included in the Statement of Operations for the Red Chris Joint Venture.

Statement of Operations

	August 15 to December 31 2019
Revenue	$35,867
Cost of Sales	(37,931)
Loss from Mine Operations	(2,064)
General and Administration	(36)
Interest Expense	(146)
Other income	117
Loss before taxes	$(2,129)

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

The following table summarizes the Company's 30% share of the Red Chris Joint Venture Statement of Cash Flows.

Statement of Cash Flows

	August 15 to December 31 2019
OPERATING ACTIVITIES	
Loss before taxes	$(2,129)
Items not affecting cash flows	
Depletion and depreciation	9,511
Accretion of future site reclamation provisions	54
Interest expense	146
Other	3
	7,585
Net change in non-cash operating working capital balances	(11,226)
Interest paid	(89)
Cash flows used in operating activities	(3,730)
FINANCING ACTIVITIES	
Distributions to Joint Venture Partners	(34,903)
Contributions from Joint Venture Partners	80,005
Payment of long-term debt	(136)
Lease payments	(499)
Cash flows provided by financing activities	44,467
INVESTING ACTIVITIES	
Acquisition and development of mineral properties	(12,407)
Payment of other obligations	(11,135)
Cash flows used in investing activities	(23,542)
EFFECT OF FOREIGN EXCHANGE ON CASH	(2)
INCREASE IN CASH	17,195
CASH, BEGINNING OF PERIOD	-
CASH, END OF PERIOD	$17,193

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

5. TRADE AND OTHER RECEIVABLES

	December 31 2019	December 31 2018
Trade receivables	$5,170	$6,846
Taxes receivable	589	238
	$5,759	$7,084

6. INVENTORY

	December 31 2019	December 31 2018
Stockpile ore	12,041	$23,030
Concentrate	2,968	12,115
Supplies	30,931	51,260
Total inventories	45,940	86,405
Less non-current inventories included in other assets (Note 8)	(32,860)	(37,123)
Total current inventories	$13,080	$49,282

During the year ended December 31, 2019 inventory of $77,526 was recognized in cost of sales (2018-$403,839) and an impairment charge of $4,325 (2018-$3,450) on stockpile ore, concentrate and supplies inventory was included in cost of sales and $230 (2018-$nil) was included in idle mine cost.

As at December 31, 2019, the Company had $24,446 (2018-$86,405) of inventory pledged as security for debt.

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

7. MINERAL PROPERTIES

	Mineral Properties not being Depleted				
Cost	Mineral Properties being Depleted	Projects not in Production	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	10,312	2,568	1,484	13,751	28,115
Additions from discontinued operations (Note 3)	3,163	53	-	29,371	32,587
Reclassification	407	77	-	(484)	-
Write down	-	-	-	(53)	(53)
Foreign exchange movement	-	-	(332)	(42)	(374)
Disposition of assets held for sale	(107,330)	(43,797)	-	(1,128,139)	(1,279,266)
Acquisition of 30% of beneficial interest in Red Chris	163,616	29,571	50,132	271,092	514,411
Balance December 31, 2019	$544,085	$32,139	$154,748	$627,830	$1,358,802

	Mineral Properties not being Depleted				
Accumulated depletion & depreciation & impairment losses	Mineral Properties being Depleted	Projects not in Production	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	3,670	-	-	16,596	20,266
Depletion and depreciation from discontinued operations	742	-	-	6,021	6,763
Write down	-	-	-	(47)	(47)
Foreign exchange movement	-	-	-	(42)	(42)
Disposition of assets held for sale	(25,830)	-	-	(163,241)	(189,071)
Balance December 31, 2019	$260,560	$ -	$1,645	$206,263	$468,468
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 December 31, 2019	$283,525	$32,139	$153,103	$421,567	$890,334

Additions to Mineral Properties being Depleted for the year ended December 31, 2019 include an increase of $11,307, which represents a net change in estimates of future site reclamation provisions (December 31, 2018-reduction of $3,840).

At December 31, 2019, the net carrying value of the deferred stripping costs was $2,187 (2018-$2,392) and is included in mineral properties.

At December 31, 2019, leased mobile equipment at cost of $4,953 (December 31, 2018-$16,176) and accumulated depreciation of $850 (December 31, 2018-$227) was included with plant and equipment.

At December 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 29(b) and (c)).

At December 31, 2019, the Company had $5,157 of contractual commitments (2018-$3,402) for the expenditures on property, plant and equipment.

Red Chris Mine

After completion of the sale on August 15, 2019 of a 70% interest in the Red Chris copper and gold mine to Newcrest, the Company and Newcrest have formed a joint venture for the operation of Red Chris with Newcrest Red Chris Mining Limited acting as operator. Red Chris Development Company Ltd, a subsidiary of the Company, owns a 30% beneficial interest in the Red Chris mine (Note 4).

Located in northwest British Columbia, the property is comprised of the Red Chris Main claim group and the Red Chris South group, consisting of 77 mineral tenures (23,142 hectares). Five of these tenures (5,141 hectares) are mining leases. Net smelter royalties between 1.0% to 2.0% are payable on production from the Red Chris mine.

Mount Polley Mine

The Mount Polley copper/gold mine is owned by Mount Polley Mining Corporation, a subsidiary of the Company. Located in south-central British Columbia, the property, including claims under option, encompasses 23,369 hectares consisting of seven mining leases (2,007 hectares) and 50 mineral claims (21,362 hectares). A production royalty is payable on ore mined from Mining Lease 933970 but no production occurred on this tenure in 2018 or 2019. In October 2019, Mount Polley Mining Corporation optioned seven adjacent mineral tenures (3,331 hectares). Upon the exercising of the option on or before December 31, 2022, these claims will be subject to a production royalty payable on ore mined from the claims and milled in the Mount Polley processing plant.

Mount Polley mine operations were suspended in May 2019, and the mine is on care and maintenance until the economics of mining improve.

Huckleberry Mine

The Huckleberry copper mine is owned by Huckleberry Mines Ltd., a subsidiary of the Company. Located in west-central British Columbia, the property encompasses 23,241 hectares consisting of two mining leases (2,422 hectares) and 44 mineral claims (20,819 hectares).

Huckleberry mine operations were suspended in August 2016, and the mine remains on care and maintenance status until the economics of mining improve.

Other Exploration Properties

The Company has interests in several 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

Impairment of Mineral Properties

In accordance with its accounting policies and processes, each asset or cash-generating unit ("CGU") is evaluated annually at December 31, to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed. The triggers for the impairment test are primarily due to changes to the mine plan and a decline in the copper price.

The review at December 31, 2018 determined that the commercial viability of the Mount Polley mine has significantly decreased. The milling operations were suspended in May 2019.

The net carrying value of the Mount Polley mine was higher than CGU's fair value less cost of disposal (FVLCD) and value in use (VIU). Given the nature of the Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with a potential purchaser or similar transactions are taking place. Consequently, the recoverable amount for each CGU is estimated based on post-tax discounted future cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the latest life of mine plan. These cash flows were discounted using a real post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

The determination of FVLCD is considered to be a Level 3 fair value measurement as it is derived from valuation techniques that include inputs that are not based on observable market data. The Company considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

As a result of the recoverable amount analysis performed during the year, the following impairment losses were recognized:

	December 31 2019	December 31 2018
Mineral properties being depleted	$ -	$101,356
Plant and Equipment	-	7,848
	$ -	$109,204

There were no reversals of impairment during the year ended December 31, 2019 (2018-$nil).

The determination of recoverable amount is most sensitive to the following key assumptions:

- Production volumes
- Commodity prices
- Discount rates
- Exchange rates

Production volumes: In calculating the FVLCD for the Mount Polley mine, the production volumes incorporated into the cash flow models were estimated based on detailed life-of-mine plans and take into account development plans for the mine determined by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; the contractual duration of mining rights; and the selling price of the commodities extracted. As each producing mine has specific reserve characteristics and economic circumstances, the cash flows of the mines are computed using appropriate individual economic models and key assumptions established by management. The production profiles used were consistent with the reserves and resource volumes approved as part of the Company's process for the estimation of proven and probable reserves, resource estimates and in certain circumstances, include expansion projects. These are then assessed to ensure they are consistent with what a market participant would estimate.

Commodity prices: Forecast commodity prices are based on management's estimates and are derived from forward price curves and long-term views of global supply and demand, building on past experience of the industry and consistent with external market forecasts. These prices were adjusted to arrive at appropriate consistent price assumptions for the different qualities and type of commodities.

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

For impairment analysis, the following commodity prices were used:

	December 31, 2019				
	2020	2021	2022	2023	2024+
Copper (US$ per pound)	$2.84	$2.91	$2.97	$3.03	$3.03
Gold (US$ per ounce)	$1,499	$1,417	$1,445	$1,363	$1,363
Silver (US$ per ounce)	$17.96	$18.10	$17.77	$17.81	$17.81

	December 31, 2018				
	2019	2020	2021	2022	2023+
Copper (US$ per pound)	$2.80	$3.12	$3.24	$3.29	$3.07
Gold (US$ per ounce)	$1,250	$1,306	$1,312	$1,306	$1,302
Silver (US$ per ounce)	$14.00	$17.00	$17.70	$17.60	$18.20

Discount rates: In calculating the recoverable amount, a post-tax discount rate of 8% was applied to the pre-tax cash flows expressed in real terms. This discount rate is derived from the Company's weighted average cost of capital, with appropriate adjustments made to reflect the risks specific to the CGU and is designed to approximate what market participants would assign.

Exchange rates: Foreign exchange rates are estimated with reference to external market forecasts and updated at least annually. The rates applied for the first five years of the valuation are based on observable market data including spot and forward values, thereafter the estimate is interpolated to the long term assumption, which involves market analysis including equity analyst estimates. The assumed long-term US dollar/CDN dollar exchange rates are estimated to be:

	December 31, 2019				
	2020	2021	2022	2023	2024+
US$/CDN$	1.3200	1.3100	1.3000	1.2900	1.2900

	December 31, 2018				
	2019	2020	2021	2022	2023+
US$/CDN$	1.3349	1.2883	1.2804	1.2637	1.2617

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

8. OTHER ASSETS

	December 31 2019	December 31 2018
Future site reclamation deposits	$14,319	$14,324
Non-current inventory – ore stockpile	11,042	22,404
Non-current inventory – supplies	17,875	10,085
Non-current inventory – critical spare parts	3,943	4,634
Other	75	305
	$47,254	$51,752

9. TRADE AND OTHER PAYABLES

	December 31 2019	December 31 2018
Trade payables	$14,363	$37,422
Deferred payables due within one year (Note 10)	643	16,819
Accrued liabilities	34,294	50,380
	$49,300	$104,621

10. DEFERRED PAYABLES

	December 31 2019	December 31 2018
Deferred trade payables	$5,329	$21,247
Less deferred payables due within one year	(643)	(16,819)
	$4,686	$4,428

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 March 2021. The balances as at December 31, 2019 are related to the Huckleberry mine as the deferred payables for the Red Chris and Mount Polley mines were paid in August 2019.

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

11. OTHER OBLIGATIONS

	December 31 2019	December 31 2018
Northwest Transmission Line payable	$3,933	$52,429
Less portion due within one year	(3,933)	(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 $358 plus interest at 3.75% (December 31, 2018–4.05%) per annum. The interest rate is subject to review monthly.

On August 15, 2019 the obligation was transferred to the Red Chris Joint Venture. The amounts at December 31, 2019 represent the Company's 30% share of the obligations of the Red Chris Joint Venture.

12. SHORT TERM DEBT

Amounts due for short term debt are:

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

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

	December 31 2019	December 31 2018
Balance, beginning of year	$121,773	$ -
Amounts advanced	50,381	142,954
Proceeds from Senior Credit Facility, net of issuance costs (Note 13)	-	143,875
Senior credit facility reclassified from non-current debt	-	30,300
Amounts repaid	(172,257)	(143,545)
Payment of short term credit facilities	-	(52,613)
Accretion of finance fees	103	211
Foreign exchange loss	-	591
Balance, end of year	$ -	$121,773

(a) Credit Facility

Credit facility aggregating $50,000 (December 31, 2018-$nil) due October 2, 2020. The facility is secured by shares of all material subsidiaries and a floating charge on certain assets of the Company. Of this facility $38,583 (December 31, 2018-$nil) has been utilized for letters of credit pledged for settlement of future site reclamation provisions and for other liabilities.

(b) Senior Credit Facility

Senior secured revolving credit facility aggregating $200,000 (December 31, 2018-$200,000) due September 5, 2019. The facility was 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 $nil (December 31, 2018-$47,156) has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 28 (a)) and for other liabilities. This facility has been guaranteed by a related party (Note 24). This facility was fully repaid on August 15, 2019, prior to its maturity date.

(c) Line of Credit

Unsecured Line from a related party aggregating $10,000 (December 31, 2018-$nil) with interest at 12% payable monthly due September 15, 2019. This facility was fully drawn prior to being repaid in full on August 15, 2019.

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

13. NON-CURRENT DEBT

Amounts due for non-current debt are:

		December 31 2019	December 31 2018
Second lien secured revolving credit facility, net of issue costs	(a)	$ -	$49,969
Senior unsecured notes, net of issue costs	(b)	-	442,781
Junior credit facility	(c)	-	75,000
Convertible debentures – 2014	(d)	-	106,153
Convertible debentures – 2015	(e)	-	26,846
Bridge loan	(f)	-	26,000
Equipment loans	(g)	515	8,406
Equipment leases	(h)	3,301	14,340
		3,816	749,495
Less portion due within one year		(1,300)	(603,648)
		$2,516	$145,847

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

	Loans	Leases	December 31 2019	December 31 2018 (Note 31)
Balance, beginning of year	$735,156	$14,339	$749,495	$852,378
Continuing operations:				
Amounts advanced, net of issue costs	130,704	-	130,704	70,347
Portion of senior credit facility reclassified to short term debt (Note 12)	-	-	-	(30,300)
Foreign exchange (gains) losses	(10,293)	(82)	(10,375)	35,689
Accretion of debt issue costs	1,235	-	1,235	2,926
Accretion of interest on convertible debentures and leases	3,895	62	3,957	6,057
Loss on early repayment of convertible debentures	1,766	-	1,766	-
Loss on early repayment of convertible debentures allocated to equity component	6,340	-	6,340	-
Amounts repaid	(864,161)	(468)	(864,629)	(202,395)
Acquisition of 30% beneficial interest in Red Chris mine	307	3,692	3,999	-
	(730,207)	3,204	(727,003)	(117,676)
Discontinued operations:				
Amounts advanced, net of issue costs	-	-	-	18,168
Foreign exchange (gains) losses	-	(346)	(346)	668
Accretion of interest on leases	-	362	362	213
Amounts repaid	(3,410)	(1,952)	(5,362)	(4,256)
Disposition of liabilities held for sale	(1,024)	(12,306)	(13,330)	-
	(4,434)	(14,242)	(18,676)	14,793
Balance, end of year	515	3,301	3,816	749,495
Less portion due within one year	(390)	(910)	(1,300)	(603,648)
	$125	$2,391	$2,516	$145,847

The Company has the following debt facilities:

(a) Second Lien Credit Facility

Second lien secured credit facility aggregating $50,000 (December 31, 2018-$50,000) due September 9, 2019 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 12). This facility was guaranteed by a related party (Note 24).

The Second Lien Credit Facility was fully repaid on August 15, 2019 prior to its maturity date.

(b) Senior Unsecured Notes

Senior unsecured notes (the "Notes") due September 15, 2019 aggregating US$325,000 (December 31, 2019-US$325,000) with interest at 7% per annum payable each March 15 and September 15.

The Notes, net of transaction costs, were accounted for at amortized cost using the effective interest method. The indenture governing the Notes placed 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.

The Notes were fully repaid on August 15, 2019 prior to their maturity date.

(c) Junior Credit Facility

The junior credit facility is from a related party (Note 24) and due September 12, 2019. It aggregates $75,000 (December 31, 2018-$75,000) and was is unsecured with interest payable semi-annually at 10% per annum. 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.

In February 2019 the Company issued 1,549,517 common shares at an ascribed value of $1.22 per share for a total of $1,890 in payment of the interest due on December 31, 2018 and issued 1,235,563 common shares at an ascribed value of $1.53 per share for a total of $1,890 in payment of the interest due on September 30, 2018 on the Junior Credit Facility.

The junior credit facility was fully repaid on August 15, 2019 prior to its maturity date.

(d) Convertible Debentures – 2014

The debentures with a face value of $115,000 (December 31, 2018-$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.

In January 2019 the Company issued 2,851,111 common shares at an ascribed value of $1.22 per share for a total of $3,478 in payment of the interest due on December 31, 2018. In July 2019 the Company issued 1,379,695 common shares at an ascribed value of $2.48 per share for the total of $3,422 in payment of the interests due on June 30, 2019.

The debentures were fully repaid on August 15, 2019 prior to their maturity date. The Company recognized a loss of $5,659 on early repayment of the convertible debentures with $1,045 being allocated to the Statement of Income and $4,614 being allocated to equity component in the Statement of Changes in Equity.

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

(e) Convertible Debentures – 2015

The debentures with a face value of $30,000 (December 31, 2018-$30,000) mature on August 25, 2021 and bear interest at 6% per year with interest payable semi-annually. 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.

In January 2019 the Company issued 691,703 common shares at an ascribed value of $1.22 per share for a total of $844 in payment of the interest due on December 31, 2018.

The debentures were fully repaid on August 15, 2019 prior to their maturity date. The Company recognized a loss of $2,447 on early repayment of the convertible debentures with $721 being allocated to the Statement of Income and $1,726 being allocated to equity component in the Statement of Changes in Equity.

(f) Bridge loan

Bridge loan of $26,000 (December 31, 2018-$26,000) maturing on September 11, 2019. The Bridge loan (50%) was provided by a related party and was 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 was payable monthly at the rate of 8% per annum. The Bridge loan was fully repaid on August 15, 2019.

(g) Equipment Loans

The outstanding amount of equipment loans is $515 (December 31, 2018-$8,406) at a weighted average interest rate of 5.39% with monthly payments of $39. All equipment loans are secured by the financed equipment.

(h) Equipment Leases

	Interest Rate	Monthly payment	December 31 2019	December 31 2018
Equipment Lease	6.25%	$4	$51	$99
Equipment Lease	4.30%	$82	$3,250	$14,241

Contractual Lease Payments	December 31 2019	December 31 2018
Due in less than one year	$1,032	$3,482
Due in one to three years	2,530	12,339
Total undiscounted lease liabilities, end of year	$3,562	$15,821

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

14. 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:

	2019 (Note 31)	2018 (Note 31)
Balance, beginning of year	$97,668	$98,342
Continuing operations:		
Accretion	2,598	2,762
Change in estimates of future costs, discount rate and effect of translation of foreign currencies	8,144	(4,978)
Acquisition of 30% beneficial interest in Red Chris mine	5,293	-
Discontinued operations:		
Disposition of liabilities held for sale	(17,643)	-
Accretion (Note 3)	280	405
Change in estimates of future costs, discount rate and effect of translation of foreign currencies	3,163	1,137
	$99,503	$97,668

The total undiscounted amount of estimated future cash flows required to settle the obligations is $158,771 (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 2.67% (December 31, 2018-3.15%) except for obligations related to Mount Polley and Huckleberry beyond 2048 that are discounted using a rate of 3.67% (December 31, 2018-4.15%). Obligations in amount of $75,337 are expected to be settled in the years 2020 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 29(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

15. SHARE CAPITAL

(ii) 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

(iii) 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 December 31, 2019, a total of 10,853,017 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.

During the year ended December 31, 2019 and December 31, 2018 the Company did not grant any stock options to its directors, officers or employees.

Movements in Share Options

The changes in share options were as follows:

	2019		2018	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	2,594,000	$9.16	3,601,900	$8.13
Forfeited	(86,000)	$8.00	(108,000)	$8.00
Expired	(512,000)	$5.74	(899,900)	$5.19
Outstanding at end of year	1,996,000	$9.62	2,594,000	$9.16
Options exercisable at end of year	1,762,000	$9.88	2,008,000	$9.56

The following table summarizes information about the Company's share options outstanding at December 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	8.0	26,000	8.0
$8.00	981,000	5.9	786,000	5.9
$11.55	950,000	0.8	950,000	0.8
	1,996,000	3.5	1,762,000	3.2

No share options were exercised during the years ended December 31, 2019 and 2018.

(iv) Warrants

In connection with a private placement concluded on October 27, 2017 the Company issued 909,091 warrants to related parties at an ascribed value of $689. Each warrant is exercisable at $3.25 and entitles the holder to purchase one common share of the Company. The warrants expired unexercised on October 27, 2019.

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

16. COST OF SALES

	2019 (Note 31)	2018 (Note 31)
Operating expenses	43,857	$71,407
Salaries, wages and benefits	18,591	29,150
Depletion and depreciation	15,944	24,845
Share based compensation	-	109
	$78,392	$125,511

Included in cost of sales is $4,325 (2018-$3,450) of impairment charges in relation to concentrate, stockpile and supplies inventory (Note 6).

17. GENERAL AND ADMINISTRATION

	2019 (Note 31)	2018 (Note 31)
Administration costs	$4,240	$3,741
Share based compensation	215	604
Depreciation	30	129
Foreign exchange loss	247	1,058
	$4,732	$5,532

18. INTEREST EXPENSE

	2019 (Note 31)	2018 (Note 31)
Interest on non-current debt	$37,569	$66,840
Other interest	8,704	6,517
	$46,273	$73,357

19. OTHER FINANCE LOSS (INCOME)

	2019 (Note 31)	2018 (Note 31)
Accretion of future site reclamation provisions	$2,598	$2,762
Foreign exchange gain on short term debt	-	(142)
Foreign exchange (gain) loss on non-current debt	(10,375)	36,356
Fair value adjustment for debt settled in common shares	3,328	-
Loss on early repayment of convertible debentures	1,766	-
Fair value adjustment to marketable securities	304	16
	(2,379)	38,992
Interest income	(3,161)	(223)
Other finance loss (income)	$(5,540)	$38,769

In accordance with the terms of certain debt agreements (Notes 13(c), 13(d) and 13(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 or less than the book value of the interest owed and therefore in compliance with IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, the Company recorded a loss of $3,328 in the statement of income for the corresponding fair value adjustment for the year ended December 31, 2019.

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

20. OTHER INCOME

	2019 (Note 31)	2018 (Note 31)
Settlement, net of costs	$(25)	$106,230
Insurance recovery	-	1,446
Gain on sale of marketable securities	253	279
Gain on sale of mineral properties	20	80
Other	7	19
Other income	$255	$108,054

In the year ended December 31, 2018 the Company received net settlement proceeds of $106,230 for an action arising out of the August 4, 2014 failure of the perimeter embankment at the Mount Polley mine.

21. 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, 2019 the rehabilitation provision was increased by $nil (December 31, 2018 - $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 December 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:

	2019	2018
Balance, beginning of the year	$3,332	$5,335
Costs incurred in the year	(1,248)	(2,154)
Increase in provision	-	151
Balance, end of the year	2,084	3,332
Less portion expected to be incurred within one year	(1,146)	(2,265)
	$938	$1,067

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

22. INCOME AND MINING TAX RECOVERY

The reported income tax provision differs from the amounts computed by applying the Canadian federal and provincial statutory rates to the loss before income taxes due to the following reasons:

	2019 (Note 31)		2018 (Note 31)	
	Amount	%	Amount	%
Loss before taxes	$(68,305)	100.0	$(145,229)	100.0
Tax recovery thereon at statutory rates	(18,442)	(27.0)	(39,212)	(27.0)
Decrease (increase) resulting from:				
Non-deductible share based compensation	72	0.1	192	0.1
Non-taxable (non-deductible) portion of foreign exchange loss (gain)	(1,111)	(1.6)	4,194	2.9
Revisions to prior year estimates	3,442	5.0	3,721	2.6
Non-deductible fair value adjustment on debt settled in common shares	899	1.3		
B.C. mineral tax	(12,896)	(18.9)	(4,910)	(3.4)
Other	(3)	-	250	0.1
Income and mining tax recovery	$(28,039)	(41.1)	$(35,765)	(24.7)
Current income and mining tax (recovery) expense	$(10,235)		$726	
Deferred income and mining tax recovery	(17,804)		(36,491)	
	$(28,039)		$(35,765)	

	December 31 2019	December 31 2018
Deferred income and mining tax assets	$9,115	$6,437
Deferred income and mining tax (liabilities)	(159,244)	(36,152)
Net deferred income and mining tax (liabilities)	$(150,129)	$(29,715)

	December 31 2019	December 31 2018
Deferred income and mining tax assets and (liabilities)		
Mineral properties	$(173,301)	$(184,408)
Mineral properties – mineral tax	(17,120)	(4,524)
Debt component of convertible debentures	-	(3,240)
Other	4,230	1,686
Net operating tax losses carried forward[1]	36,062	160,771
Net deferred income and mining tax liabilities	$(150,129)	$(29,715)

[1] The Company believes that it is probable that the results of future operations will generate sufficient taxable income to realize the above noted deferred income tax assets.

As at December 31, 2019, the Company had net operating tax loss carry forwards in Canada of $154,662 which can be applied to reduce future Canadian taxable income and will expire between 2026 and 2039. In addition, the Company had net operating tax loss carry forwards in the United States of US$20,637 which can be applied to reduce future US taxable income and will expire in 2030 to 2037.

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

The Company had the following tax effected temporary differences and tax effected unused tax losses at December 31, 2019 in respect of which no deferred tax asset has been recognized:

	Mineral Properties & Other	Tax Losses	Total
Expiry 2026 and beyond	$ -	$14,811	$14,811
No expiry date	34,023	-	34,023
	$34,023	$14,811	$48,834

23. (LOSS) EARNINGS 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.

	2019 (Note 31)	2018 (Note 31)
Net Income (Loss)	$321,736	$(125,595)
Weighted-average number of common shares outstanding	127,277,090	118,939,728
Basic and diluted earnings (loss) per common share	$2.53	$(1.06)
Net Loss from continuing operations	$(40,266)	$(109,464)
Weighted-average number of common shares outstanding	127,277,090	118,939,728
Basic and diluted loss per common share	$(0.32)	$(0.92)
Net Income (loss) from discontinued operations	$362,002	$(16,131)
Weighted-average number of common shares outstanding	127,277,090	118,939,728
Basic and diluted earnings (loss) per common share	$2.85	$(0.14)

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:

	2019	2018
Stock options	2,286,000	2,594,000
Warrants	-	909,091
Convertible debentures	-	12,386,321

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

24. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2019 (Note 31)	2018 (Note 31)
Trade and other receivables	$(3,896)	$4,056
Inventory	1,795	1,855
Prepaid expenses and deposits	632	(1,992)
Trade and other payables	4,149	15,881
Deferred trade payables (Note 10)	(2,441)	(8,069)
Provision for rehabilitation costs	(1,248)	(2,003)
	$(1,009)	$9,728

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

During the year ended December 31, 2019, the Company purchased $nil of mobile equipment (December 31, 2018 - $15,512) which was financed by long-term debt and finance lease (Note 13(j)(h)).

During the year ended December 31, 2019, $11,525 of interest for certain debt facilities was paid in common shares of the Company (2018-$14,163).

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

	2019 (Note 31)	2018 (Note 31)
Trade and other payables	$1,690	$2,331

25. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Imperial Metals Corporation and its subsidiaries and joint ventures listed in the following tables:

		% Equity Interest	
Subsidiaries	Incorporation	2019	2018
416898 BC Ltd.	Canada	100%	100%
Bethlehem Resources Corporation	Canada	100%	100%
Catface Copper Mines Limited	Canada	100%	100%
CAT-Gold Corporation	Canada	100%	100%
Goldstream Mining Corporation	Canada	100%	100%
HML Mining Inc.	Canada	100%	100%
High G Minerals Corporation	Canada	100%	100%
Highway 37 Power Corp.	Canada	100%	100%
Huckleberry Mines Ltd.	Canada	100%	100%
Mount Polley Mining Corporation	Canada	100%	100%
Princeton Exploration Ltd.	Canada	100%	100%
Red Chris Development Company Ltd.	Canada	100%	100%
Ruddock Creek Mining Corporation	Canada	100%	100%
Selkirk Metals Corp.	Canada	100%	100%
Sterling Gold Mining Corporation	USA	100%	100%

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

		% Interest in JV	
Joint Ventures (Unincorporated)		2019	2018
Red Chris Joint Venture	Canada	30%	-
Ruddock Creek Joint Venture[1]	Canada	45.3%	50%

[1] ownership interest as at December 31, 2019 shown is after completion of farm-in funding arrangements.

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 (Loss)

	2019	2018
Loan guarantee fee for guarantee of Second Lien Credit Facility (Note 13 (a))	$697	$1,695
Loan guarantee fee for guarantee of Senior Credit Facility (Note 12 (a))	$2,786	$1,344
Line of credit arrangement fee	$100	$ -
Junior Credit Facility extension fee	$45	$ -
Interest expense	$15,087	$17,253

Statement of Financial Position

	2019	2018
Accrued interest on Senior Unsecured Notes, Convertible Debentures, Junior Credit Facility and Bridge Loan	$ -	$7,010
Junior Credit Facility	$ -	$75,000
Senior Unsecured Notes (December 31, 2018-US$53,320)	$ -	$72,739
Convertible Debentures	$ -	$59,000
Bridge Loan	$ -	$13,000

Statement of Cash Flows

	2019	2018
Deferred royalty proceeds	$ -	$22,156
Repurchase of deferred royalty	$ -	$(22,156)

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

26. COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

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

	2019	2018
Short term benefits[1]	$2,062	$1,432
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.

[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

27. 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 totaling $6,609 as at December 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

						December 31, 2019 (Note 31)
	Red Chris[1]	Mount Polley	Huckleberry	Sterling	Corporate	Total
Continuing Operations:						
Reportable segmented revenues	$35,868	$37,323	$1,480	$ -	$695	$75,366
Less inter-segment revenues	-	(2,092)	(1,075)	-	(376)	(3,543)
Revenues from external sources	$35,868	$35,231	$405	$ -	$319	$71,823
Depletion and depreciation	$9,466	$9,377	$1,056	$ -	$31	$19,930
Interest (expense) and other finance (expense) income	$(28,145)	$(9,970)	$699	$(293)	$(3,024)	$(40,733)
Net (loss) income from continuing operations	$(18,039)	$(17,632)	$1,907	$(69)	$(6,433)	$(40,266)
Discontinued Operations:						
Reportable segmented revenues	$163,830	$ -	$ -	$ -	$ -	$163,830
Less inter-segment revenues	1,163	-	-	-	-	1,163
Revenues from external sources	$164,993	$ -	$ -	$ -	$ -	$164,993
Depletion and depreciation	$9,287	$ -	$ -	$ -	$ -	$9,287
Interest (expense) and other finance (expense) income	$(2,793)	$ -	$ -	$ -	$ -	$(2,793)
Gain on sale and revaluation of interest in Red Chris	$440,123	$ -	$ -	$ -	$ -	$440,123
Net income from discontinued operations	$362,002	$ -	$ -	$ -	$ -	$362,002
Net income (loss)	$343,963	$(17,632)	$1,907	$(69)	$(6,433)	$321,736
Capital expenditures (continuing and discontinued operations)	$42,488	$5,431	$45	$ -	$1,412	$49,376
Total assets	$561,166	$154,052	$230,560	$6,609	$106,115	$1,058,502
Total liabilities	$176,954	$68,032	$69,288	$8	$9,152	$323,434

[1] For the period of January 1 to August 14, 2019 and for the year ended December 31, 2018, the Red Chris mine was classified as a discontinued operation and accordingly income (loss) and cash flows items from continuing operations are presented excluding the Red Chris mine. Refer to Note 3 for further details.

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

Reportable Segments

December 31, 2018
(Note 31)

	Red Chris[1]	Mount Polley	Huckleberry	Sterling	Corporate	Total
Continuing Operations:						
Reportable segmented revenues	$ -	$113,145	$1,627	$ -	$(671)	$114,101
Less inter-segment revenues	-	(8,739)	(1,627)	-	702	(9,664)
Revenues from external sources	$ -	$104,406	$ -	$ -	$31	$104,437
Depletion and depreciation	$ -	$24,845	$1,135	$ -	$129	$26,109
Interest (expense) and other finance (expense) income	$(94,025)	$(16,340)	$(1,788)	$106	$(79)	$(112,126)
Net (loss) income from continuing operations	$73,529	$(35,039)	$(1,538)	$656	$(14)	$(109,464)
Discontinued Operations:						
Reportable segmented revenues	$248,297	$ -	$ -	$ -	$ -	$248,297
Less inter-segment revenues	7,439	-	-	-	-	7,439
Revenues from external sources	$255,736	$ -	$ -	$ -	$ -	$255,736
Depletion and depreciation	$48,931	$ -	$ -	$ -	$ -	$48,931
Interest (expense) and other finance (expense) income	$(6,118)	$ -	$ -	$ -	$ -	$(6,118)
Net income from discontinued operations	$(16,131)	$ -	$ -	$ -	$ -	$(16,131)
Net income (loss)	$(89,660)	$(35,039)	$(1,538)	$656	$(14)	$(125,595)
Capital expenditures (continuing and discontinued operations)	$62,907	$13,322	$3	$ -	$740	$76,972
Total assets	$1,118,039	$174,851	$225,825	$8,215	$46,973	$1,573,903
Total liabilities	$877,987	$231,370	$57,859	$9	$3,446	$1,170,671

[1] For the period of January 1 to August 14, 2019 and for the year ended December 31, 2018, the Red Chris mine was classified as a discontinued operation and accordingly income (loss) and cash flows items from continuing operations are presented excluding the Red Chris mine. Refer to Note 3 for further details.

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

Revenue by Geographic Area

	2019 (Note 31)	2018 (Note 31)
Switzerland	$70,761	$104,531
United States	-	(125)
Canada	1,062	31
	$71,823	$104,437

Revenues are attributed to geographic area based on country of customer. In the year ended December 31, 2019, the Company had 4 principal customers accounting for 57%, 21%, 12% and 9% of revenues (December 31, 2018–2 principal customers accounting for 89% and 11%, respectively). 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. The Company sells all of its concentrate and gold production to third party traders.

Revenue by Major Product and Service

	2019 (Note 31)	2018 (Note 31)
Copper	$43,126	$46,287
Gold	27,187	57,775
Silver	503	344
Other	1,007	31
	$71,823	$104,437

28. FINANCIAL INSTRUMENTS, INTEREST RATE AND CREDIT RISK

During the year the Company examined the various financial instrument risks to which it is exposed and assessed the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

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 capital structure of the Company consists of equity comprised of share capital, contributed surplus, currency translation adjustment and retained earnings.

Credit Risk

The Company's credit risk is limited to cash, trade and other receivables, and future site reclamation deposits 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 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.

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

The Company's maximum exposure to credit risk is as follows:

	2019	2018
Cash	$89,953	$18,574
Marketable securities	39	1,325
Trade receivables	5,759	6,846
Future site reclamation deposits	14,319	14,324
Other assets	-	305
	$110,070	$41,374

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 with its customers, to provide cash necessary to meet projected cash requirements.

On August 15, 2019, the Company completed the sale of a 70% interest in the Red Chris mine to Newcrest Mining Limited. The Company and Newcrest have formed a joint venture for the operation of Red Chris, with Newcrest acting as operator. The Company retains a 30% joint venture interest in the Red Chris mine. Proceeds from the sale of Red Chris were utilized to repay substantially all of the debt of the Company.

Cash balances on hand, the projected cash flow from the Red Chris mine are expected to be sufficient to fund the Company's obligations as they come. However, there are inherent risks related to the operation of the Company's mines which could require additional sources of financing.

The Company holds certain mineral properties. 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.

Liquidity risk is also impacted by credit risk, although the Company considers this risk low.

The Company had the following contractual obligations with respect to financial instruments:

						2019	2018
	Within 1 Year	2 Years	3 Years	4 Years	5 years	Total	Total
Trade and other payables	$49,300	$ -	$ -	$ -	$ -	$49,300	$104,621
Other obligations	3,933					3,933	56,857
Short term debt	-	-	-	-	-	-	121,773
Current portion of non-current debt	1,300					1,300	604,251
Non-current debt	-	1,300	1,216	-	-	2,516	157,847
	54,533	1,300	1,216	-	-	57,049	1,045,349
Less future accretion and unamortized finance cost	-	-	-	-	-	-	(12,603)
Total	$54,533	$1,300	$1,216	$ -	$ -	$57,049	$1,032,746

Currency Risk

Financial instruments that impact the Company's net income and comprehensive income due to currency fluctuations include US dollar denominated cash, trade and other accounts receivable, reclamation deposits, trade and other payables and debt. If the US Dollar had been 10% higher/lower and all other variables were held constant, net (loss) income and comprehensive (loss) income for the year ended December 31, 2019 would have been higher/lower by $2,621.

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

Interest Rate Risk

The Company does not have any significant exposure to interest rate risk. At December 31, 2019, nil% of the Company's outstanding borrowings were at floating interest rates compared to December 31, 2018 when about 22% 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.

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 is comprised of the following:

	December 31 2019 (Note 31)	Provisional Price	December 31 2018 (Note 31)	Provisional Price
	000's	*US$*	*000's*	*US$*
Copper – *provisional price per lb*	6,561.9	$2.80	8,139.6	$2.63
Gold – *provisional price per oz*	2.5	$1,520	7.9	$1,288

The following tables summarize the realized and unrealized gains (losses) on provisionally priced sales:

			2019 (Note 31)			2018 (Note 31)
	Copper	Gold & Silver	Total	Copper	Gold & Silver	Total
Realized	$433	$957	$1,390	$(5,140)	$(104)	$(5,244)
Unrealized	1,456	98	1,554	(714)	549	(165)
Total	$1,889	$1,055	$2,944	$(5,854)	$445	$(5,409)

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.

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 at December 31, 2019 as follows:

Financial Assets	Level 1	Level 2	Total
Cash	$89,953	$ -	$89,953
Marketable securities	39	-	39
Provisionally priced accounts receivables		2,797	2,797
Future site reclamation deposits	14,319	-	14,319
	$104,311	$2,797	$107,108

29. COMMITMENTS AND PLEDGES

(a) At December 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 8)	$14,319
Mineral property, plant and equipment	28,370
Letters of credit (Note 12)	38,583
	$81,272

(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 December 31, 2019, the Company had commitments of $5,157 for expenditures on mineral properties.

30. 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. At December 31, 2019, the Company has a provision of $2,084 for future rehabilitation activities related to the Mount Polley mine tailings dam breach (Note 21). 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 December 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.

A claim from a contractor in the amount of $8,500 has been filed against the Company and is at the early stages of a stepped resolution process. The claim is based on a contractor's self assessment of additional compensation owed for work previously carried out. The Company has denied that any further amounts are owed and has engaged independent legal counsel to advise on this matter.

31. COMPARATIVE INFORMATION

Red Chris mine operations were classified as discontinued operations for the period of January 1 to August 14, 2019 and for the year ended December 31, 2018 in accordance with *IFRS 5 Non-Current Assets Held For Sale and Discontinued Operations* (Note 3). The consolidated Statement of Income (Loss) and Comprehensive Income (Loss) and notes to these consolidated financial statements have been restated for discontinued operations.