

Imperial Reports Second Quarter 2023 Financial Results

Vancouver | **August 9, 2023** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for the three and six months ended June 30, 2023, as summarized in this news release and discussed in detail in the Management’s Discussion & Analysis. The Company’s financial results are prepared in accordance with International Financial Reporting Standards (“IFRS”). The reporting currency of the Company is the Canadian (“CDN”) Dollar.

QUARTER HIGHLIGHTS

FINANCIAL

Total revenue was \$85.8 million in the June 2023 quarter compared to \$36.4 million in the 2022 comparative quarter.

In the June 2023 quarter, the Red Chris mine (100% basis) had 3.6 concentrate shipments (2022-4.5 concentrate shipments). Mount Polley mine had 1.4 concentrate shipments (2022-nil concentrate shipments).

Variations in revenue are impacted by the re-start of the Mount Polley mine operations, timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The London Metals Exchange cash settlement copper price per pound averaged US\$3.85 in the June 2023 quarter compared to US\$4.32 in the 2022 comparative quarter. The LBMA (London Bullion Market Association) gold price per troy ounce averaged US\$1,978 in the June 2023 quarter compared to US\$1,873 in the 2022 comparative quarter. The average US/CDN Dollar exchange rate was 1.343 in the June 2023 quarter, 5.2% higher than the exchange rate of 1.277 in the June 2022 quarter. In CDN Dollar terms the average copper price in the June 2023 quarter was CDN\$5.17 per pound compared to CDN\$5.52 per pound in the 2022 comparative quarter, and the average gold price in the June 2023 quarter was CDN\$2,657 per ounce compared to CDN\$2,391 per ounce in the 2022 comparative quarter.

A negative revenue revaluation in the June 2023 quarter was \$8.2 million as compared to a negative revenue revaluation of \$7.3 million in the 2022 comparative quarter. Revenue revaluations are the result of the metal price on the settlement date and/or the current period balance sheet date being higher or lower than when the revenue was initially recorded or the metal price at the last balance sheet date and finalization of contained metal as a result of final assays and weights.

Net loss for the June 2023 quarter was \$16.0 million (\$0.10 per share) compared to net loss of \$29.3 million (\$0.21 per share) in the 2022 comparative quarter. The decrease in net loss of \$13.3 million was primarily due to the following factors:

- mine operations went from an income of \$0.1 million in June 2022 quarter to a loss of \$10.5 million in June 2023, increasing net loss by \$10.6 million
- Mount Polley restart costs went from \$30.2 million in June 2022 quarter to \$nil in June 2023, decreasing net loss by \$30.2 million, and
- interest expense went from \$1.7 million in June 2022 to \$7.4 million in June 2023, increasing net loss by \$5.7 million.

Capital expenditures including leases were \$42.5 million in the June 2023 quarter, an increase of \$2.9 million from \$39.6 million in the 2022 comparative quarter. The June 2023 quarter expenditures included \$11.9 million in exploration, \$10.7 million for tailings dam construction, \$3.3 million on stripping costs, and \$16.6 million of other capital.

At June 30, 2023, the Company had not hedged any copper, gold or US/CDN Dollar exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US/CDN Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

OPERATIONS

During the quarter ended June 30, 2023, Imperial’s consolidated metal production was 11,181,595 pounds copper and 14,289 ounces gold, with 7,062,836 pounds copper and 10,185 ounces gold produced from Mount Polley and 4,118,759 pounds copper and 4,104 ounces gold from its 30% share of Red Chris mine production.

Mount Polley Mine

Q2 2023 vs Q1 2023

Mount Polley metal production for the second quarter of 2023 was 7,062,836 pounds copper and 10,185 ounces gold, compared to 6,678,094 pounds copper and 9,980 ounces gold produced during the first quarter of 2023. Metal production was up by 5.8% for copper and 2.1% for gold for this quarter due to higher copper and gold grades and slightly higher throughput. The throughput was 15,724 tonnes per day compared to 15,440 tonnes per day, copper recovery was 79.9% compared to 81.1%, gold recovery was 68.3% compared to 71.5%. A lightning strike damaged a mill motor during the quarter, which inhibited the drive to increase throughput while maintaining the excellent metal recoveries that are being achieved year to date. The motor is out for repair and expected to be repaired and returned to site at the end of August 2023.

	Three Months Ended June 30 2023	Three Months Ended March 31 2023
Ore milled - tonnes	1,430,842	1,389,635
Ore milled per calendar day - tonnes	15,583	15,440
Grade % - copper	0.28	0.27
Grade g/t - gold	0.32	0.31
Recovery % - copper	79.9	81.1
Recovery % - gold	68.3	71.5
Copper - 000's pounds	7,063	6,678
Gold - ounces	10,185	9,980

Q2 2023 vs Q2 2022

During the comparative June 30, 2022 quarter, Mount Polley Mine was not in production.

Exploration, development, and capital expenditures in the second quarter of 2023 were \$9.8 million compared to \$5.2 million in the 2022 comparative quarter.

Jim Miller-Tait, P.Geol., Imperial Metals Vice President Exploration ("Mr. Miller-Tait"), has reviewed the Mount Polley disclosure contained in this news release and is the designated Qualified Person as defined by National Instrument 43-101 ("NI 43-101") for the Mount Polley exploration program.

Red Chris Mine

Q2 2023 vs Q1 2023

Red Chris metal production (100%) for the second quarter of 2023 was 13,729,195 pounds copper and 13,680 ounces gold, compared to 11,589,689 pounds copper and 10,496 ounces gold produced during the first quarter of 2023. At Red Chris, metal production was higher by 18.5% for copper and 30.3% for gold compared to the first quarter of 2023 primarily due to higher head grades for copper and gold, and a 11.5% increase in ore milled compared to the previous quarter.

Q2 2023 vs Q2 2022

100% Red Chris mine production	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Ore milled - tonnes	2,357,656	2,576,109	4,448,428	4,601,566
Ore milled per calendar day - tonnes	25,908	28,309	24,577	25,423
Grade % - copper	0.348	0.486	0.337	0.450
Grade g/t - gold	0.343	0.394	0.328	0.375
Recovery % - copper	75.9	80.5	76.6	77.3
Recovery % - gold	52.6	60.6	51.5	57.0
Copper - 000's pounds	13,729	22,005	25,319	35,316
Gold - ounces	13,680	19,540	24,176	31,628

Imperial's 30% share of exploration, development, and capital expenditures were \$32.5 million in the June 2023 quarter compared to \$33.9 million in the 2022 comparative quarter.

Block Cave Feasibility Study

At Red Chris, progress towards block cave mining is advancing with the decline at 3,245 metres as of July 20, 2023. The Block Cave Feasibility Study is expected to be completed in the second half of 2023.

The exploration program continued at Red Chris during the first quarter of 2023 with ongoing drilling east of the East Ridge Exploration Target returning positive results. Work is underway to update the Red Chris Mineral Resources estimate to include East Ridge in 2023, which will provide further clarity on the size and scale of this prospect.

During the reporting period, there were up to four diamond drill rigs in operation. A further 6,947 metres of drilling was completed during the quarter from 11 drill holes.

Mr. Miller-Tait has reviewed the Red Chris disclosure contained in this MD&A and is the designated Qualified Person as defined by NI 43-101 for the Red Chris exploration program.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status.

Site personnel continue to focus on maintaining site access, water management (treatment and release of mine contact water into Tahtsa Reach), snow removal, maintenance of site infrastructure and equipment, mine permit compliance, environmental compliance monitoring and monitoring tailings management facilities.

For the June 2023 quarter, Huckleberry incurred idle mine costs comprised of \$1.6 million in operating costs and \$0.2 million in depreciation expense compared to \$1.5 million in operating cost and \$0.2 million in depreciation expense in the comparable quarter of 2022.

EARNINGS AND CASH FLOW

Select Quarter Financial Information

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Operations:				
Total revenues	\$85,761	\$36,383	\$178,425	\$69,509
Net loss	\$(16,049)	\$(29,275)	\$(23,302)	\$(36,200)
Net loss per share	\$(0.10)	\$(0.21)	\$(0.15)	\$(0.26)
Diluted loss per share	\$(0.10)	\$(0.21)	\$(0.15)	\$(0.26)
Adjusted net loss	\$(16,056)	\$(29,706)	\$(23,311)	\$(48,460)
Adjusted net loss per share	\$(0.10)	\$(0.21)	\$(0.15)	\$(0.34)
Adjusted EBITDA	\$927	\$(22,950)	\$6,850	\$(36,330)
Cash earnings	\$1,270	\$(23,130)	\$6,674	\$(36,461)
Cash earnings per share	\$0.01	\$(0.16)	\$0.04	\$(0.26)
Working capital deficiency	\$(103,022)	\$(62,806)	\$(103,022)	\$(62,806)
Total assets	\$1,357,554	\$1,231,314	\$1,357,554	\$1,231,314
Total debt (including current portion)	\$277,002	\$99,092	\$277,002	\$99,092

NON-IFRS FINANCIAL MEASURES

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

Adjusted net income (loss), adjusted EBITDA, cash earnings and cash cost per pound of copper are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers.

Adjusted Net Loss and Adjusted Net Loss Per Share

Adjusted net loss is derived from operating net loss by removing the gains or loss, resulting from acquisition and disposal of property, mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax and other non-recurring items. Adjusted net loss in the June 2023 quarter was \$16.0 million (\$0.10 per share) compared to an adjusted net loss of \$29.7 million (\$0.21 per share) in the 2022 comparative quarter. We believe that the presentation of Adjusted Net Loss helps investors better understand the results of our normal operating activities and the ongoing cash generating potential of our business.

Adjusted EBITDA

Adjusted EBITDA in the June 2023 quarter was \$0.9 million compared to a loss of \$23.0 million in the 2022 comparative quarter. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain non-cash items and is useful to investors as an important indicator of our operations and the performance of our core business.

Cash Earnings and Cash Earnings Per Share

Cash earnings in the June 2023 quarter was \$1.3 million compared to negative \$(23.1) million in the 2022 comparative quarter. Cash earnings per share was \$0.01 in the June 2023 quarter compared to \$(0.16) in the 2022 comparative quarter.

Cash earnings and cash earnings per share are measures used by the Company to evaluate its performance however they are not terms recognized under IFRS. We believe that the presentation of cash earnings and cash earnings per share is appropriate to provide additional information to investors about how well the Company can earn cash to pay its debts and manage its operating expenses and investment. Cash earnings is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes paid, and interest paid. Cash earnings per share is the same measure divided by the weighted average number of common shares outstanding during the year.

Cash Cost Per Pound of Copper Produced

The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper mines, Red Chris (30% share), Mount Polley and Huckleberry, and on a composite basis for these mines. Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: grade, metal recoveries, amount of stripping charged to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US\$ to CDN\$ exchange rate and the amount of copper produced.

Idle mine and mine restart costs during the periods when the Huckleberry and Mount Polley mines are not in operation have been excluded from the cash cost per pound of copper produced.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended June 30, 2023		
	Red Chris	Mount Polley	Composite
	A	B	C=A+B
Cash cost of copper produced in US\$	\$17,623	\$16,727	\$34,350
Copper produced – 000's pounds	4,119	7,063	11,182
Cash cost per lb copper produced in US\$	\$4.28	\$2.37	\$3.07

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

	Three Months Ended June 30, 2022		
	Red Chris	Mount Polley ⁽¹⁾	Composite
	A	B	C=A+B
Cash cost of copper produced in US\$	\$9,609	\$ -	\$9,609
Copper produced – 000's pounds	6,602	-	6,602
Cash cost per lb copper produced in US\$	\$1.46	\$ -	\$1.46

⁽¹⁾ Mount Polley mine operations were suspended in May 2019, and the mine remained on care and maintenance until the economics of mining improved. The mine restarted operations in late June 2022.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Six Months Ended June 30, 2023		
	Red Chris	Mount Polley	Composite
	A	B	C=A+B
Cash cost of copper produced in US\$	\$37,313	\$32,954	\$70,267
Copper produced – 000's pounds	7,596	13,741	21,337
Cash cost per lb copper produced in US\$	\$4.91	\$2.40	\$3.29

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

	Six Months Ended June 30, 2022		
	Red Chris	Mount Polley ⁽¹⁾	Composite
	A	B	C=A+B
Cash cost of copper produced in US\$	\$20,750	\$ -	\$20,750
Copper produced – 000's pounds	10,595	-	10,595
Cash cost per lb copper produced in US\$	\$1.96	\$ -	\$1.96

⁽¹⁾ Mount Polley mine operations were suspended in May 2019, and the mine remained on care and maintenance until the economics of mining improved. The mine restarted operations in late June 2022.

For detailed information, refer to Imperial's 2023 Second Quarter Report available on imperialmetals.com and sedarplus.ca.

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company with holdings that include the Mount Polley mine (100%), the Huckleberry mine (100%), the Red Chris mine (30%). Imperial also holds a portfolio of 23 greenfield exploration properties in British Columbia.

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Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release are not statements of historical fact and are "forward-looking" statements. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements regarding the Company's expectations with respect to its business and operations; metal pricing and demand; fluctuation of revenues; potential development plans and mining methods at Red Chris; expectations and timing regarding current and future exploration and drilling programs; progress and advancement of the exploration decline; expectations regarding completion of the Block Cave Feasibility Study and timing thereof; timing regarding repair of a damaged mill motor; metal production guidance and estimates; and expectations regarding the usefulness of non-IFRS financial measures including adjusted net income (loss), adjusted EBITDA, cash earnings and cash cost per pound of copper.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this news release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions. These factors and assumptions and beliefs and assumptions include, the risk factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR+ at sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company's ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this news release are qualified by these cautionary statements.