Imperial Metals

Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023 and 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2023 and December 31, 2022

expressed in thousands of Canadian dollars

	Notes	March 31 2023	December 31 2022
ASSETS			
Current Assets			
Cash		$34,841	$27,541
Trade and other receivables	3	22,915	30,030
Inventory	4	46,617	51,575
Prepaid expenses and deposits		4,645	5,143
		109,018	114,289
Mineral Properties	5	1,168,115	1,146,320
Other Assets	6	33,529	34,040
Deferred Income Tax Assets		5,425	5,053
		$1,316,087	$1,299,702
LIABILITIES			
Current Liabilities			
Trade and other payables		$59,275	$70,782
Income tax payable		318	-
Short term debt	7	102,000	101,000
Current portion of debt	8	36,405	7,598
		197,998	179,380
Non-Current Debt	8	89,356	89,190
Future Site Reclamation Provisions	9	139,226	130,021
Deferred Income Tax Liabilities		161,003	165,380
		587,583	563,971
EQUITY			
Share Capital	10	420,376	420,376
Contributed Surplus		48,780	48,749
Currency Translation Adjustment		8,039	8,044
Retained Earnings		251,309	258,562
		728,504	735,731
		$1,316,087	$1,299,702
Commitments and Pledges	17		
Contingent Liabilities	18		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on May 9, 2023

/s/ Larry G. Moeller — Director

/s/ J. Brian Kynoch — Director

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Three Months Ended March 31, 2023 and 2022

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

	Notes	Three Months Ended March 31 2023	2022
Revenue		$92,664	$33,126
Cost of Sales	11	(94,305)	(31,109)
(Loss) Income from Mine Operations		(1,641)	2,017
General and Administration		(1,082)	(1,114)
Idle Mine Costs		(2,113)	(1,502)
Restart Costs		-	(22,427)
Gain on Disposal of Mineral Properties		-	16,232
Interest Expense		(5,955)	(834)
Other Finance Loss	12	(892)	(846)
Loss before Taxes		(11,683)	(8,474)
Income and Mining Tax Recovery		4,430	1,549
Net Loss		(7,253)	(6,925)
Other Comprehensive Loss			
Items that may be subsequently reclassified to profit or loss:			
Currency translation adjustment		(5)	(92)
Total Comprehensive Loss		$(7,258)	$(7,017)
Loss Per Share			
Basic		$(0.05)	$(0.05)
Diluted		$(0.05)	$(0.05)
Weighted Average Number of Common Shares Outstanding			
Basic		154,871,341	141,393,649
Diluted		154,871,341	141,393,649

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2023 and 2022

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

	Share Capital			Currency		
	Number of Shares	Amount	Contributed Surplus	Translation Adjustment	Retained Earnings	Total
Balance December 31, 2021	141,392,191	$379,570	$41,385	$7,604	$334,537	$763,096
Exercised options	3,750	11	(4)	-	-	7
Share based compensation expense	-	-	52	-	-	52
Total comprehensive loss	-	-	-	(92)	(6,925)	(7,017)
Balance March 31, 2022	141,395,941	$379,581	$41,433	$7,512	$327,612	$756,138
Balance December 31, 2022	154,871,341	$420,376	$48,749	$8,044	$258,562	$735,731
Share based compensation expense	-	-	31	-	-	31
Total comprehensive loss	-	-	-	(5)	(7,253)	(7,258)
Balance March 31, 2023	154,871,341	$420,376	$48,780	$8,039	$251,309	$728,504

See accompanying notes to these condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2023 and 2022

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

	Notes	Three Months Ended March 31 2023	2022
OPERATING ACTIVITIES			
Net Loss		$(7,253)	$(6,925)
Items not affecting cash flows			
Deferred mining and income tax		(4,749)	(1,446)
Depletion and depreciation		10,266	9,479
Gain on disposal of mineral properties		-	(16,232)
Share based compensation		31	52
Accretion of future site reclamation provisions		1,175	814
Unrealized foreign exchange losses		(21)	95
Interest expense		5,955	834
Other		-	(2)
		5,404	(13,331)
Net change in non-cash operating working capital balances	13	5,901	(19,997)
Income and mining taxes paid		-	(180)
Interest paid		(4,746)	(716)
Cash provided by (used in) operating activities		6,559	(34,224)
FINANCING ACTIVITIES			
Proceeds from short term debt		1,000	30,000
Proceeds from issue of debenture	8(c)	29,125	-
Repayment of short term debt		-	(3,000)
Repayment of non-current debt		(182)	(12)
Lease payments		(930)	(856)
Share capital issued for exercised options		-	7
Cash provided by financing activities		29,013	26,139
INVESTING ACTIVITIES			
Acquisition and development of mineral properties		(23,675)	(31,262)
Net change in non-cash investing working capital		(4,617)	(610)
Proceeds on sale of mineral properties, net of transaction costs		-	21,893
Cash used in investing activities		(28,292)	(9,979)
EFFECT OF FOREIGN EXCHANGE ON CASH		20	(72)
INCREASE (DECREASE) IN CASH		7,300	(18,136)
CASH, BEGINNING OF PERIOD		27,541	33,308
CASH, END OF PERIOD		$34,841	$15,172

See accompanying notes to these condensed consolidated interim 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, and
- Mount Polley copper-gold mine in 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.

The Company has financed its operating cash requirements primarily through revenues generated by its 30% share of Red Chris mine, Mount Polley mine, debt facility, convertible debentures and equity raises. The Company's ability to realize the carrying value of its assets and to continue as a going concern is based upon the continued support of our shareholders, senior lender and the operational success at our operating mines. It will be necessary for the Company to raise additional funds from time to time for the continued execution of its strategic plan which is to see increased cash generation from its operating mines. These additional funds may come from sources which include the issuance of shares, the issuance of debt or alternative sources of financing.

The Company has in place a robust planning, budgeting, and forecasting process to determine the funds required to support its operations and expansionary plans. As a result, after considering all relevant information, management has concluded that there are no material uncertainties related to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for at least the next year.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2022.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

3. TRADE AND OTHER RECEIVABLES

	March 31 2023	December 31 2022
Trade receivables	$10,558	$19,205
Tax credit receivable	12,357	10,825
	$22,915	$30,030

4. INVENTORY

	March 31 2023	December 31 2022
Stockpile ore	$12,545	$12,410
Concentrate	15,278	22,612
Supplies	37,931	36,201
Total inventories	65,754	71,223
Less non-current inventories included in other assets (Note 6)	(19,137)	(19,648)
Total current inventories	$46,617	$51,575

During the three months period ended March 31, 2023 inventory of $91,978 was recognized in cost of sales (March 31, 2022-$29,271) and a net impairment reversal of $1,814 (March 31, 2022-$7) on stockpile ore, concentrate and supplies inventory was included in cost of sales.

As at March 31, 2023, the Company had $36,673 (December 31, 2022-$27,166) of inventory pledged as security for debt.

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

5. 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, 2021	$730,096	$49,857	$178,389	$656,726	$1,615,068
Additions	24,533	40,759	532	84,209	150,033
Change in estimates of future site reclamation provisions	(21,657)	-	13	-	(21,644)
Disposals and write down	-	-	(5,850)	(2,963)	(8,813)
Foreign exchange movement	-	-	441	(12)	429
Balance December 31, 2022	$732,972	$90,616	$173,525	$737,960	$1,735,073
Additions	4,199	391	8,111	11,634	24,335
Change in estimates of future site reclamation provisions	8,030	-	-	-	8,030
Disposals and write down	(24,660)	-	-	-	(24,660)
Foreign exchange movement	-	-	(5)	-	(5)
Balance March 31, 2023	$720,541	$91,007	$181,631	$749,594	$1,742,773

		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, 2021	$303,199	$ -	$1,637	$245,512	$550,348
Depletion and depreciation	17,299	-	-	24,081	41,380
Disposals and write down	-	-	-	(2,963)	(2,963)
Foreign exchange movement	-	-	-	(12)	(12)
Balance December 31, 2022	$320,498	$ -	$1,637	$266,618	$588,753
Depletion and depreciation	2,911	-	-	7,654	10,565
Disposals and write down	(24,660)	-	-	-	(24,660)
Balance March 31, 2023	$298,749	$ -	$1,637	$274,272	$574,658
Carrying Amount					
Balance December 31, 2021	$426,897	$49,857	$176,752	$411,214	$1,064,720
Balance December 31, 2022	$412,474	$90,616	$171,888	$471,342	$1,146,320
Balance March 31, 2023	$421,792	$91,007	$179,994	$475,322	$1,168,115

At March 31, 2023, the net carrying value of the deferred stripping costs was $37,265 (December 31, 2022-$34,774) and is included in mineral properties being depleted.

At March 31, 2023, leased mobile equipment at cost of $12,656 (December 31, 2022-$12,504) and accumulated depreciation of $6,688 (December 31, 2022-$5,977) was included with plant and equipment.

At March 31, 2023, the Company had provided $28,370 (December 31, 2022-$28,370) of security for reclamation bonding obligations by securing certain plant and equipment.

Red Chris Mine

Red Chris Development Company Ltd., a subsidiary of the Company, owns a 30% beneficial interest in the Red Chris copper/gold mine in northwest British Columbia. The Company and Newcrest formed a joint venture for the operation of Red Chris, with Newcrest Red Chris Mining Limited acting as operator. The property is now comprised of the Red Chris Main claim group (51 tenures / 17,149 hectares), the Red Chris South group (29 tenures / 7,068 hectares), the GJ group (87 tenures / 39,432 hectares) and the Hawkeye group (McBride, Railway and Todogin claims / 37 tenures / 8,225 hectares) consisting of 204 mineral tenures (71,875 hectares). Five of the Red Chris Main tenures are mining leases (5,141 hectares). Net smelter royalties between 0.5% to 2.0% are payable on production from the Red Chris mine.

Mount Polley Mine

The Mount Polley copper/gold mine in south-central British Columbia is owned by Mount Polley Mining Corporation, a wholly owned subsidiary of the Company. The property encompasses 24,096 hectares (including claims under option) consisting of seven mining leases (2,007 hectares) and 52 mineral claims (22,089 hectares). A production royalty is payable on ore mined from Mining Lease 933970 but no production occurred on this tenure in 2022. In October 2019, Mount Polley Mining Corporation optioned seven adjacent mineral tenures (3,331 hectares). The option was exercised on December 30, 2022 and these claims will be subject to a production royalty payable on ore mined from the claims and milled in the Mount Polley processing plant.

Huckleberry Mine

The Huckleberry copper mine in west-central British Columbia is owned by Huckleberry Mines Ltd., a wholly owned subsidiary of the Company. The property encompasses 25,767 hectares, consisting of two mining leases (2,422 hectares) and 49 mineral claims (23,345 hectares).

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

Other Exploration Properties

Imperial has a portfolio of 20 greenfield exploration properties consisting largely in British Columbia. These properties have defined areas of mineralization and clear exploration potential.

Impairment Analysis of Mineral Properties

In accordance with its accounting policies and processes, each asset or cash-generating unit (“CGU”) is evaluated to determine whether there are any indications of impairment or impairment reversal. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

Based on the Company’s assessment with respect to possible indicators of either impairment or reversal of previous impairments to its mineral properties, including the impact of COVID-19 on the operations and the prevailing market metals prices, the Company concluded that as of March 31, 2023, an impairment indicator of mineral properties exists and performed an impairment analysis (December 31, 2022-indicators of impairment identified). As the recoverable amounts exceeded the carrying values, no impairment was recorded.

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

6. OTHER ASSETS

	March 31 2023	December 31 2022
Future site reclamation deposits	$14,392	$14,392
Non-current inventory – ore stockpile	8,787	8,834
Non-current inventory – supplies, including critical spare parts	10,350	10,814
	$33,529	$34,040

7. SHORT TERM DEBT

Amounts due for short term debt are:

	March 31 2023	December 31 2022
Banker's Acceptances	$102,000	$101,000

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

	Three Months Ended March 31 2023	Year Ended December 31 2022
Balance, beginning of period	$101,000	$29,500
Amounts advanced	1,000	114,500
Amount repaid	-	(43,000)
Balance, end of period	$102,000	$101,000

Credit Facility

At March 31, 2023, a credit facility aggregating $125,000 (December 31, 2022-$125,000) is in effect until expiry on February 21, 2024. The facility is secured by shares of all material subsidiaries and a floating charge on certain assets of the Company. In total, $75,000 of the $125,000 of credit facility is guaranteed by a related party. The standby fee on the guarantee is payable monthly at a rate of 2.0% per annum. By virtue of the $75,000 guarantee, any funds borrowed under this portion of the credit facility bears a lower interest rate of CDOR plus 2.0%, compared to a rate of CDOR plus 3.75% under the base $50,000 portion of the credit facility. As of March 31, 2023, the Company was in compliance with all covenants required by the credit facility.

As at March 31, 2023, a total of $119,355 (December 31, 2022-$118,355) has been utilized, that consists of banker's acceptances in amount of $102,000 (December 31, 2022-$101,000) and $17,355 (December 31, 2022-$17,355) for letters of credit pledged for settlement of future site reclamation provisions and other obligations.

8. NON-CURRENT DEBT

Amounts due for non-current debt are:

	March 31 2023	December 31 2022
Debentures	$119,872	$90,217
Equipment leases	3,315	4,064
Equipment loans	2,574	2,507
	125,761	96,788
Less portion due within one year	(36,405)	(7,598)
	$89,356	$89,190

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

Debentures

(a) On August 31, 2022 the Company completed its non-brokered private placement of unsecured convertible debentures. The debentures with a face value of $47,000 mature on August 30, 2027 and bear interest at 8% per year, with interest payable semi-annually in cash. Each $3.20 of the principal amount of the convertible debenture is convertible into one common share of the Company. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 140% of the conversion price for at least 30 consecutive days. A maximum of 14,687,500 common shares will be issued if all of the convertible debentures are converted into common shares of the Company.

(b) On December 23, 2022 the Company issued unsecured non-convertible debentures (the "A Debentures") of an aggregate principal amount of $48,450 which have a maturity date of December 23, 2026, and which bear interest at a rate of 10% per annum, with interest payable semi-annually in cash, with the first payment due June 23, 2023. In connection with the issuance of the A Debentures, the Company issued 6,056,250 common share purchase warrants which are exercisable into common shares of the Company at a price of $2.10 per share. The warrants expire on December 23, 2026. The Company also issued unsecured non-convertible debentures (the "B Debentures") of an aggregate principal amount of $4,550 which have a maturity date of December 23, 2023 and which bear interest at a rate of 12% per annum, with interest payable semi-annually in cash, with the first payment due June 23, 2023. No warrants were issued in connection with the B Debentures.

(c) On March 1, 2023 the Company issued unsecured non-convertible debentures with an aggregate principal amount of $29,125 on a non-brokered private placement basis. The Debentures have a maturity date of March 1, 2024 and bear interest at a rate of 12.0% per annum, with interest paid semi-annually in cash, with the first payment due September 1, 2023.

The movement of the debentures amounts are:

	Three Months Ended March 31 2023	Year Ended December 31 2022
Balance, beginning of period	$90,217	$ -
Issuance of debentures with a face value	29,125	100,000
Equity component allocated to Contributed Surplus	-	(9,868)
Issuance cost	-	(322)
Issuance cost allocated to debt component	-	35
Accretion of debt	530	372
Balance, end of period	$119,872	$90,217

Equipment leases

The outstanding amount of equipment leases is $3,315 (December 31, 2022-$4,064) at weighted average interest rate of 5.13% with monthly payments of $219.

Contractual Lease Payments

	March 31 2023	December 31 2022
Due in less than one year	$1,959	$2,410
Due in one to three years	1,541	1,855
Total undiscounted lease liabilities, end of period	$3,500	$4,265

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

9. 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 provision of these obligations is based on information currently available, including closure plans and applicable regulations. Significant closure activities include land rehabilitation, water treatment, demolition of facilities, monitoring and other costs.

The total undiscounted amount of estimated cash flows required to settle the Company's estimated future closure and decommissioning costs is $249,264 (December 31, 2022 - $246,945). The estimated future cash flows were then inflated using inflation rates 2.0% (December 31, 2022 – 2.0%). The total provision for closure and decommissioning costs is calculated using discount rates between 3.04% to 5.04% (December 31, 2022 – 3.28% to 5.28%). Obligations in the amount of $132,175 are expected to be settled in the years 2023 through 2052.

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Balance, beginning of period	$130,021	$147,622
Accretion	1,175	4,043
Change in estimates of future costs and discount rate	8,030	(21,644)
Balance, end of period	$139,226	$130,021

The amount and timing of closure plans for the mineral properties will vary depending on a number of factors, including exploration success and alternative mining plans.

10. SHARE CAPITAL

(i) 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

(ii) Share Option Plans

Under the Share Option Plans, options not exceeding 10% of the issued common shares of the Company, may be granted to its directors, officers and employees. As at March 31, 2023, a total of 13,043,634 common share options had remained 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 three months ended March 31, 2023 the Company granted 245,000 stock options (2022-nil) at a weighted average exercise price of $2.00. The weighted average fair value for the options granted during the three months ended March 31, 2023 was $0.99 per option (2022-$nil), which was estimated at the date of the grant using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate - 3.54% (2022-nil%); expected dividend yield - $nil (2022-$nil); expected stock price volatility - 66.54% (2022-nil%); expected option life - 4.2 years (2022-nil years); and, estimated forfeiture rate - 5.00% (2022- nil%).

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

Movements in Share Options

The changes in share options were as follows:

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,201,000	$4.66	2,262,250	$4.63
Issued	245,000	$2.00	-	$ -
Exercised	-	$ -	(3,750)	$2.00
Forfeited	-	$ -	(22,500)	$1.78
Expired	(2,500)	$2.00	(35,000)	$4.29
Outstanding at end of period	2,443,500	$4.40	2,201,000	$4.66
Options exercisable at end of period	1,886,000	$5.11	1,576,000	$5.72

The following table summarizes information about the Company's share options outstanding as at March 31, 2023:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
$2.00	1,442,500	2.43	885,000	2.08
$5.75	65,000	4.76	65,000	4.76
$8.00	936,000	2.68	936,000	2.68
	2,443,500	2.59	1,886,000	2.47

(iii) Warrants

In connection with the issuance of the A Debentures (Note 8 (b)), the Company issued 6,056,250 common share purchase warrants which are exercisable into common shares of the Company at a price of $2.10 per share for a period of four years from the date of issuance. The warrants expire on December 23, 2026. The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 3.38%, expected dividend yield of nil, expected stock price volatility of 67.62% and expected life of 4 years. At March 31, 2023 all warrants remain outstanding.

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

11. COST OF SALES

	Three Months Ended March 31	
	2023	2022
Operating expenses	$84,299	$22,567
Depletion and depreciation	10,006	8,542
	$94,305	$31,109

Included in cost of sales for the three months ended March 31, 2023 is $1,814 of net impairment reversal (March 31, 2022-$7 of net impairment reversal) in relation to concentrate, stockpile and supplies inventory.

12. OTHER FINANCE LOSS

	Three Months Ended March 31	
	2023	2022
Accretion of future site reclamation provisions	$1,175	$814
Foreign exchange loss	179	149
Fair value adjustment to marketable securities	-	(2)
	1,354	961
Interest income	(462)	(115)
Other finance loss	$892	$846

13. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash operating working capital balances:

	Three Months Ended March 31	
	2023	2022
Trade and other receivables	$6,730	$(3,062)
Inventory	5,493	(2,795)
Prepaid expenses and deposits	498	(1,227)
Trade and other payables	(7,138)	(12,858)
Income and mining taxes payable	318	-
Provision for rehabilitation costs	-	(55)
	$5,901	$(19,997)

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

14. RELATED PARTY TRANSACTIONS AND COMPENSATION TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) Related Party Transactions

Related party transactions with a joint venture, a significant shareholder, companies controlled by a significant shareholder, companies in which directors are owners, and with the Company's directors and officers are as follows:

Statements of Financial Position

	March 31 2023	December 31 2022
Debentures	$99,375	$76,295
Interest accrued	$1,619	$1,055
Equipment rental trade receivables from Red Chris Joint Venture	$143	$109

Statements of Loss and Comprehensive Loss

	Three Months Ended March 31	
	2023	2022
Equipment rental and revenue from Red Chris Joint Venture	$189	$126
Credit facility arrangement guarantee and standby fee	$370	$416
Interest expense	$1,956	$ -

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

(b) Compensation of Directors and Key Management Personnel

The remuneration of the Company's directors and key management personnel is $411 for the three months ended March 31, 2023 (three months ended March 31, 2022-$380).

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

15. 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 Sterling mine totalling $6,884 as March 31, 2023 (December 31, 2022-$6,889) which are located in the USA. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

Reportable Segments

	Three Months Ended March 31, 2023				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$23,904	$68,570	$270	$1	$92,745
Less inter-segment revenues	-	-	(81)	-	(81)
Revenues from external sources	$23,904	$68,570	$189	$1	$92,664
Depletion and depreciation	$6,102	$3,767	$397	$ -	$10,266
Interest expense and other finance expense	$(3,579)	$(2,412)	$(355)	$(501)	$(6,847)
Net (loss) income	$(10,684)	$8,754	$(1,940)	$(3,383)	$(7,253)
Capital expenditures	$19,395	$4,761	$79	$100	$24,335
Total assets	$828,145	$202,882	$233,657	$51,403	$1,316,087
Total liabilities	$204,184	$86,788	$68,703	$227,908	$587,583

	Three Months Ended March 31, 2022				
	Red Chris	Mount Polley	Huckleberry	Corporate and Others	Total
Reportable segmented revenues	$33,000	$ -	$180	$ -	$33,180
Less inter-segment revenues	-	-	(54)	-	(54)
Revenues from external sources	$33,000	$ -	$126	$ -	$33,126
Depletion and depreciation	$8,408	$758	$308	$6	$9,480
Interest expense and other finance expense	$(653)	$(387)	$(407)	$(233)	$(1,680)
Net (loss) income	$2,314	$(6,479)	$(1,657)	$(1,103)	$(6,925)
Capital expenditures	$29,087	$2,262	$255	$147	$31,721
Total assets	$737,391	$156,998	$244,496	$51,408	$1,190,293
Total liabilities	$279,128	$69,165	$83,978	$1,884	$434,155

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

Customers by Geographic Area

	Three Months Ended March 31	
	2023	2022
Switzerland	$55,119	$10,227
China	19,672	12,127
United States	17,809	-
Singapore	-	10,646
Philippines	(126)	-
Canada	190	126
	$92,664	$33,126

Revenues are attributed to geographic area based on country of customer. In the period ended March 31, 2023, the Company had 3 principal customers individually accounting for more than 10% each for a total 85% of revenues (March 31, 2022– 3 principal customers individually accounting for more than 10% each for a total 99% of revenues).

The Company's principal product is copper concentrate (contains copper, gold, and silver) which is sold at prices quoted on the London Metals Exchange and LBMA. The Company sells all concentrate production to a limited number of traders and smelters.

Revenue by Major Product and Service

	Three Months Ended March 31	
	2023	2022
Copper	$54,204	$24,069
Gold	37,637	8,629
Silver	633	302
Other	190	126
	$92,664	$33,126

16. FINANCIAL INSTRUMENTS, INTEREST RATE AND CREDIT RISK

During the reporting period, 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.

Liquidity Risk

The Company has a planning and budgeting process in place 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.

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

The Company holds investments in mineral and exploration 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.

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

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

Currency Risk

Financial instruments that impact the Company's net income (loss) and comprehensive income (loss) 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 income (loss) and comprehensive income (loss) for the three months ended March 31, 2023 would have been higher/lower by $1,682.

Interest Rate Risk

The Company is exposed to interest rate risk on its credit facilities (Note 7). 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. If interest rates had been 100 basis points higher/lower on the Company's floating rate debt and all other variables were held constant, the amount of interest expense during three months ended March 31, 2023 would have increased/decreased by $255.

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:

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
	Provisional lb/oz	Provisional Price per lb/oz	Provisional lb/oz	Provisional Price per lb/oz
	000's	*US$*	*000's*	*US$*
Copper	10,862.1	$4.01	4,202.8	$4.70
Gold	14.1	$1,980	1.4	$1,942

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

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Copper	Gold & Silver	Total	Copper	Gold & Silver	Total
Realized	$2,846	$419	$3,265	$536	$287	$823
Unrealized	120	2,560	2,680	1,010	13	1,023
Total	$2,966	$2,979	$5,945	$1,546	$300	$1,846

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

17. COMMITMENTS AND PLEDGES

At March 31, 2023, the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets (Note 6)	$14,392
Mineral property, plant and equipment (Note 5)	28,370
Letters of credit and reclamation surety bonds	52,568
	$95,330

18. CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business.

During the third quarter of 2014, a securities class action under section 138 of the Ontario Securities Act was filed against the Company and certain of its directors, officers and others. The Company entered into the Settlement Agreement to settle the securities class action. The Settlement Agreement has been reviewed and approved by the Court and is in the process of implementation. The settlement resolves the class action entirely and eliminates further expenditure of management resources and costs to the Company's insurer. The Settlement Agreement expressly provides that the Company makes no admission of liability whatsoever. The settlement amount is well within the coverage limits of the Company's insurance policy.

The Company is aware of other claims and potential claims, none of which is considered probable of resulting in a material loss or judgment against the Company.

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