2014 THIRD QUARTER REPORT

PRESIDENT'S MESSAGE

Imperial's comparative financial results for the three and nine months ended September 30, 2014 and 2013 are summarized below and discussed in detail in the Management's Discussion and Analysis. The Company's financial results are prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency of the Company is the Canadian ("CDN") Dollar.

[expressed in thousands, except per share amounts]	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Revenues	$22,667	$51,668	$125,068	$143,851
Income from mine operations	$7,453	$25,194	$40,796	$52,012
Equity income (loss) in Huckleberry	$1,851	$(345)	$1,933	$3,868
Net (loss) income	$(49,221)	$14,721	$(28,151)	$32,883
Net (loss) income Per Share	$(0.66)	$0.20	$(0.38)	$0.44
Adjusted Net income [(1)]	$3,729	$16,641	$19,527	$32,826
Adjusted Net income Per Share [(1)]	$0.05	$0.22	$0.26	$0.44
Adjusted EBITDA[(1)]	$9,869	$28,582	$53,120	$65,127
Cash Flow [(1)]	$(59,129)	$28,639	$(17,318)	$61,126
Cash Flow Per Share [(1)]	$(0.79)	$0.38	$(0.23)	$0.82

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

The tailings dam breach at the Mount Polley mine has had significant impacts on the Company's operations and financial position including:

- Mount Polley mine operations are suspended, depriving the Company of its main source of cash flow.
- The Company recorded costs of $67.4 million ($43.8 million net of tax) in the September 2014 period related to the tailings dam breach. These costs include $20.3 million incurred for response and recovery as well as initial rehabilitation and restoration activities. The $67.4 million in costs also includes a $47.1 million provision for future costs related to the tailings dam breach, exclusive of estimated insurance recoveries. Insurance recoveries will be recorded when received.
- The Company completed a $115.0 million convertible debenture financing on September 4, 2014 to assist with the tailings dam breach remediation costs and the completion and startup of the Red Chris mine.

Revenues were $22.7 million in the September 2014 quarter compared to $51.7 million in the 2013 quarter. There was one shipment in the 2014 quarter compared to two shipments in the 2013 quarter.

The Company recorded a net loss of $49.2 million in the September 2014 quarter compared to net income of $14.7 million in the 2013 quarter. The adjusted net income in the September 2014 quarter was $3.7 million or $0.05 per share, versus $16.6 million or $0.22 per share in the 2013 quarter. Adjusted net income is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from foreign exchange movements on non-current debt, from mark to market revaluation of copper, gold and foreign exchange derivative instruments and costs related to the Mount Polley tailings dam breach. Adjusted net income is not a measure recognized under IFRS in Canada. It is intended to show the current period financial results excluding the effect of items not settling in the period or non-recurring in nature.

The Company recorded $9.8 million unrealized net gain on copper, gold and foreign exchange derivatives in the September 2014 quarter compared to an unrealized net loss of $1.4 million in the 2013 quarter. There was a small realized gain on gold derivatives and a $0.4 million loss on foreign currency swaps in the September 2014 quarter and no realized gains or losses in the 2013 quarter.

Cash flow was negative $59.1 million in the three months ended September 30, 2014 compared to positive cash flow of $28.6 million in the comparative 2013 quarter. The $87.7 million decrease is primarily due to remediation costs at the Mount Polley mine and decreased revenue from Mount Polley due to the tailings dam breach.

Capital expenditures decreased to $93.1 million from $137.9 million in the comparative 2013 quarter. Expenditures in the current quarter were financed from non-current debt and cash flow from the Mount Polley mine. At September 30, 2014 the Company had $18.1 million in cash.

During the September 2014 quarter the Company did not purchase any common shares for cancellation.

MOUNT POLLEY MINE

PRODUCTION	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2014	2013	2014	2013
Ore milled (tonnes)	711,043	2,105,459	4,548,182	6,083,103
Ore milled per calendar day (tonnes)	7,729	22,885	16,660	22,282
Grade % - copper	0.353	0.311	0.321	0.295
Grade g/t - gold	0.283	0.275	0.260	0.267
Recovery % - copper	77.51	76.33	76.02	73.93
Recovery % - gold	69.52	71.15	68.11	67.91
Copper (lbs)	4,293,600	11,021,476	24,489,725	29,264,291
Gold (oz)	4,503	13,231	25,901	35,475
Silver (oz)	15,888	33,253	74,770	95,119

The average mill throughput for the quarter to August 4 was 20,315 tonnes per day, at a grade of 0.353% copper and 0.283 g/t gold, and production was 4.3 million pounds copper, 4,503 ounces gold and 15,888 ounces silver.

On August 4 the tailings dam at the Mount Polley mine was breached, and since then the mill has been on care and maintenance. Mining crews and others have been engaged in response and recovery activities, including securing the remaining tailings within the impoundment, collecting contact water, reducing the water level in Polley Lake, and cleaning up woody debris deposited in Quesnel Lake. A program of rehabilitation and restoration in the areas affected by the breach has now begun.

Geotechnical work is currently underway to determine the root cause of the tailings dam breach. The geotechnical work program includes mapping, geophysical surveys, drilling and test pitting, and is expected to be completed in mid-November. The expert review panel established by the Province of BC to investigate the root cause of the dam failure is to issue a report by January 31, 2015.

HUCKLEBERRY MINE

PRODUCTION*	THREE MONTHS ENDED SEPT 30		NINE MONTHS ENDED SEPT 30	
	2014	2013	2014	2013
Ore milled – tonnes	1,570,685	1,417,199	3,852,134	4,436,555
Ore milled per calendar day – tonnes	17,073	15,404	14,110	16,251
Grade % – copper	0.340	0.364	0.330	0.344
Recovery % – copper	89.8	92.2	90.1	91.6
Copper – lbs	10,566,786	10,472,302	25,267,288	30,833,374
Gold - oz	838	701	2,035	2,202
Silver – oz	57,314	61,323	138,700	179,639

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

Throughput for the 2014 third quarter averaged 17,073 tonnes per calendar day, up from the 15,404 tonnes achieved in the comparative 2013 quarter, as softer ores from the Main zone pit are being processed. The mill continues to operate with the damaged SAG mill bull gear, rotating in the opposite direction. Monthly inspections are being performed to monitor the status of the damaged teeth on the bull gear. The replacement bull gear and two pinion gears for the SAG mill are on site and a ten day shutdown is planned in November for the installation of the new bull gear.

As a result of milling time lost with the failure, and the replacement of the bull gear, the 2014 production forecast is 36.0 million pounds copper and 175,000 ounces silver.

RED CHRIS MINE

Imperial's construction of the 287kV Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga, and the 16 kilometre 287kV power line from Tatogga to the Red Chris main substation are both complete and the entire line from Bob Quinn to the main substation at Red Chris is now energized and commissioning of various sections of the 25kV site power systems can begin. The commissioning will begin with the crushing, pit and reclaim water systems, and then work through the grinding and flotation sections of the processing plant. The gyratory crusher, overland conveyors, reclaim apron feeders, reclaim conveyors, reagent building and associated E-houses have been pre-commissioned using generators.

The mining equipment fleet procurement is complete. The P&H 2800 electric shovel is assembled and ready for commissioning. The diesel fleet has pre-developed the mine. Soil was stripped off the East Zone Starter Pit and non-acid generating rock was excavated and used to construct haul roads or hauled to the rock disposal site. Ore has been stockpiled for plant commissioning. A haul road to the Main Zone Starter Pit has been completed and a bench readied for drilling.

The North Starter Dam was raised to 1098 metres by the end of October. The tailings impoundment basin contains sufficient water for mill startup. The booster pumphouse, reclaim and tailings pipelines and process water system installation are complete. The site infrastructure including mine access road, truck shop, warehouse, assay lab and camp are operational.

The process building mechanical installations are essentially complete. The piping crews are installing heat tracing and insulation and completing the final punch list of outstanding items. The electrical crews are working throughout the process building with priority on equipment terminations. A commissioning team of contractors and employees have been assembled to commission the plant starting in December.

The construction of the concentrate storage shed at the Port of Stewart was complete at the end of October. The mechanical and electrical installations inside the shed are ongoing. The shed will be ready to receive concentrate when the mine commences operations.

A third party review of the Red Chris tailings dam was completed by the consultants reporting to representatives of the Tahltan Nation. The Tahltan Central Council and Imperial are working together to develop a work plan to implement the recommendations contained in the review. Imperial is also working with the representatives of the Tahltan Nation to finalize an Impacts & Benefits Agreement.

The forecast construction cost to complete the Red Chris mine is now estimated to be $643.0 million versus the previously estimated construction costs of $631.0 million.

STERLING MINE

PRODUCTION	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2014	2013	2014	2013
Ore Stacked – tons	12,406	63,223	34,575	140,023
Gold Grade – oz/ton	0.106	0.085	0.131	0.081
Gold ounces – added to heap	1,321	5,362	4,514	11,326
Gold shipped – ounces	2,662	2,877	4,766	5,851

Mining in the 2014 third quarter focused on developing the 3240 and 3200 levels of the 144 zone. Stoping occurred on two levels: 3320 and 3260, which produced 8,126 tons of ore for the quarter. A total of 120 feet of drifting was completed on the 3180 level, 30 feet on the 3260 level, 160 feet on the 3240 level and 120 feet on the 3200 level. Tonnage from drifting totalled 4,281. Solution continued to be processed through the recovery plant. A total of 1,211 ounces were in-process at quarter end.

RUDDOCK CREEK

Exploration and development expenditures at Ruddock Creek were $0.4 million in each of the September 2014 and 2013 quarters.

During the last quarter the Ruddock Creek Joint Venture completed the majority of the planned 2014 program. This consisted of additional metallurgical testing on a new bulk sample collected from the Upper E zone, 22 new geotechnical and groundwater well installations, and ongoing baseline data collection for future permitting requirements. The baseline data collection included fish, benthic invertebrates, vegetation, wildlife, surface and groundwater sampling and testing, stream flow, weather station downloads and maintenance, dust fall monitoring site installation and sampling. Surface exploration in the 2014 field season was focused on detailed geological and structural mapping in a number of areas.

A bridge on the Oliver Creek forest road was vandalized in October. The damage was quickly repaired, and access for the collection of baseline data was not impacted.

Following the submission of a project description to both the Provincial and Federal governments, the Province of British Columbia requested, and on July 15 received, substitution approval from the Canadian Environmental Assessment Agency whereby British Columbia will be an appropriate substitute for the federal environmental assessment process. Subsequently, on October 6 the British Columbia Environmental Assessment Office issued a Section 11 Order which establishes the formal scope, procedures and methods concerning Ruddock Creek's environmental assessment.

OUTLOOK

At the Sterling mine, work on permitting for an open pit mine and expanded leach pad continues. The proposed heap design that will hold the open pit ore is complete, the water pollution control permit has been amended and was approved October 7, 2014, a reclamation cost estimate has been submitted to both the Nevada State and the Bureau of Land Management for review, and an environmental assessment for the major modification is being prepared and should be submitted before year end. Once the decisions for the reclamation cost estimate and the modification have been received, which is expected to be in the first quarter of 2015, construction of the expanded heap leach pad and open pit mining can commence. The open pit mine plan is expected to produce 1.55 million tons grading 0.067 oz/ton gold over a period of about three years.

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

The 287kv Iskut extension of the Northwest Transmission Line between Bob Quinn and Tatogga, and the 287kv power line from Tatogga to the Red Chris main substation were complete by the end of October. The entire line from Bob Quinn to the main substation at Red Chris is now energized. This milestone will now allow for the commissioning of the plant to be completed with grid power supplied by BC Hydro, and allow for the $52.0 million sale of the Iskut extension to proceed.

With power now at the Red Chris mine we expect crushing operations to begin in November, and the grinding and flotation circuits to begin operating in December. To start operations at Red Chris, an environmental management act permit to discharge tailings is required. We anticipate the permit will be issued in time to begin tailings discharge to the impoundment in December.

In September 2014 the Company completed a $115.0 million unsecured convertible debenture financing which management estimates will provide sufficient liquidity to complete and commission the Red Chris mine. This financing along with the projected cash flow from the Red Chris mine together with insurance proceeds is expected to fund the estimated rehabilitation and restoration costs of the tailings dam breach at the Mount Polley mine. However, there are inherent risks associated with the startup of a mine, and inherent uncertainties related to the scope, timing and cost of the rehabilitation and restoration.

Brian Kynoch
President

Management's Discussion & Analysis

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation ("Imperial", the "Company", "we", "us" or "our") should be read with the unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2014 ("Interim Financial Statements"), as well as the audited Consolidated Financial Statements and MD&A for the year ended December 31, 2013.

The Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS") including IAS 34, Interim Financial Reporting. The reporting currency of the Company is the Canadian ("CDN") Dollar.

FORWARD-LOOKING STATEMENTS AND RISKS NOTICE

This MD&A is a review of the Company's operations and financial position as at and for the period ended September 30, 2014, and has been prepared based on information available as at November 14, 2014. Except for statements of historical fact relating to the Company, including our 50% interest in Huckleberry, certain information contained herein constitutes forward-looking information which are prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this MD&A includes, without limitation, statements regarding: mine plans; costs and timing of current and proposed exploration and development; production and marketing; capital expenditures; future expenses relating to ongoing recovery, remediation, rehabilitation and restoration activities at the Mount Polley mine; use of proceeds from financings; expectations relating to the completion of the Red Chris mine; adequacy of funds for projects and liabilities; expectations relating to the receipt of insurance proceeds; the construction of transmission lines; outcome and impact of litigation; cash flow; working capital requirements; expectations relating to the requirement for additional capital; expectations relating to results of operations, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates; future accounting changes; and future prices for marketable securities.

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

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

Important risks that could cause Imperial's actual results, revenues, performance or achievements to differ materially from Imperial's expectations include, among other things: uncertainty regarding the outcome of sample testing and analysis being conducted on the area affected by the tailings dam breach; risks relating to the timely receipt of necessary approvals and consents to proceed with the remediation plan; risks relating to timing of the remaining costs and liabilities relating to the tailings dam breach; uncertainty as to actual timing of completion of recovery, remediation and restoration activities and the recommencement of commercial operations at the Mount Polley mine; risks relating to the impact of the tailings dam breach on Imperial's reputation; the quantum of claims, fines and penalties that become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risk of costs arising from any unforeseen longer-term environmental consequences of the tailings dam breach at Mount Polley mine; risks that additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; risks of protesting activity and other civil disobedience restricting access to the Company's properties; equipment failure, labour unrest, power shortages, natural phenomena such as weather conditions negatively impacting the progress of remediation or the completion of the Red Chris mine; and other hazards and risks disclosed within this MD&A, in Imperial's Management's Discussion and Analysis for the year ended December 31, 2013, in Imperial's Annual Information Form for the year ended December 31, 2013 and other public filings which are available on Imperial's profile on SEDAR at www.sedar.com. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Imperial does not undertake to update any forward looking information, except in accordance with applicable securities laws.

SIGNIFICANT EVENTS AND LIQUIDITY

The Company's condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course as they come due.

The August 4, 2014 tailings dam breach at the Mount Polley mine has resulted in the loss of production from the mine, the primary source of cash flow for the Company, for an indeterminate period of time. During the quarter ended September 30, 2014 the Company incurred $20.3 million for response and recovery costs, as well as initial rehabilitation and restoration costs. In addition, the Company also recorded a $47.1 million provision for expected rehabilitation and restoration costs to be incurred in the future, primarily within the next nine months. The total of these two amounts, or $67.4 million was charged to expense in the quarter ended September 30, 2014 in respect of the tailings dam breach. Income and mining tax recoveries have also been recorded in connection with these costs.

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

The Company is projecting an additional $12.0 million in construction costs to complete the Red Chris mine and the Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga over the previously projected construction costs $631.0 million. In November 2014 the Company completed construction and energization of the Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga. The Company expects to complete the previously agreed upon sale of the Iskut extension in the near term for proceeds of $52.0 million.

In September 2014 the Company completed a $115.0 million, unsecured convertible debenture financing which management estimates will provide sufficient liquidity to complete and commission the Red Chris mine. This financing along with the projected cash flow from the Red Chris mine together with insurance proceeds is expected to fund the estimated rehabilitation and restoration cost of the tailings dam breach at the Mount Polley mine. However, there are inherent risks associated with the startup of a mine, and inherent uncertainties related to the scope, timing and cost of the rehabilitation and restoration.

CHANGES IN ACCOUNTING STANDARDS

Accounting Standards Issued and Effective January 1, 2014

The Company has adopted IFRIC 21 - *Levies* effective January 1, 2014. The adoption of this accounting standard had no significant impact on the condensed consolidated interim financial statements.

OVERVIEW

Discussion and disclosure of the Company's 50% equity share of Huckleberry is confined to the headings *Huckleberry* and *Equity Income in Huckleberry.*

Revenues were $22.7 million in the September 2014 quarter compared to $51.7 million in the comparative 2013 quarter. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where the copper price will settle at a future date. The decrease in revenue in the September 2014 quarter over the comparative 2013 quarter is due to a lower quantity of concentrate sold from the Mount Polley mine as a result of the tailings dam breach on August 4, 2014 when operations were suspended. There was one concentrate shipment in the September 2014 quarter compared to two shipments in the comparative 2013 quarter.

The London Metals Exchange cash settlement copper price per pound averaged US$3.17 in the September 2014 quarter compared to US$3.21 in the September 2013 quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,282 in the September 2014 quarter compared to US$1,327 in the September 2013 quarter. The CDN Dollar weakened by 5% compared to the US Dollar in the September 2014 quarter over the September 2013 quarter. In

CDN Dollar terms the average copper price in the September 2014 quarter was CDN$3.45 per pound compared to CDN$3.34 per pound in the September 2013 quarter and the average gold price in the September 2014 quarter was CDN$1,396 per ounce compared to CDN$1,379 per ounce in the September 2013 quarter.

Revenue in the September 2014 quarter was increased by a $0.3 million positive revenue revaluation compared to a positive revenue revaluation of $2.8 million in the September 2013 quarter. Positive revenue revaluations are the result of the copper price on the settlement date and/or the current period balance sheet date being higher than when the revenue was initially recorded or the copper price at the last balance sheet date. Income from mine operations decreased to $7.5 million from $25.2 million in the September 2013 quarter as a result of the suspension of the Mount Polley mine operations.

The net loss for the September 2014 quarter was $49.2 million ($0.66 per share) compared to net income of $14.7 million ($0.20 per share) in the comparative September 2013 quarter. The variation in net income this quarter compared to the 2013 quarter is largely attributable to the remediation costs of $67.4 million related to the Mount Polley tailings dam breach. In addition to variances in revenues and income from mine operations described above, variations in net income period over period are attributable to movements in foreign exchange and realized and unrealized gains and losses on derivative instruments and taxes.

The September 2014 quarter loss included foreign exchange losses of $18.9 million compared to foreign exchange gains of $0.4 million in the comparative 2013 quarter. The current quarter's foreign exchange loss is primarily attributable to US denominated long term debt reflecting the foreign currency movements in the quarter compared to the foreign exchange rate at the beginning of the quarter. The $18.9 million foreign exchange loss is comprised of a $16.9 million loss on the senior notes, a $2.1 million loss on long term equipment loans, and a gain of $0.1 million on operational items. The average CDN/US Dollar exchange rate in the September 2014 quarter was 1.089 compared to an average of 1.039 in the September 2013 quarter.

In the September 2014 quarter the Company recorded net gains on derivative instruments of $9.4 million compared to net losses of $1.4 million in the September 2013 quarter. In the September 2014 quarter the Company recorded a gain of $6.3 million on the foreign currency swap due to an increase in the CDN/US Dollar exchange rate compared to the exchange rate at June 30, 2014. The decrease in the copper and gold price compared to the price in the derivative contracts resulted in a gain of $3.0 million, primarily unrealized, for copper and gold derivative instruments in the September 2014 quarter compared to a $1.4 million unrealized loss in the September 2013 quarter.

The Company recorded $1.9 million as its equity share of Huckleberry's net income during the September 2014 quarter compared to $0.3 million equity loss in the September 2013 quarter. The higher net income was primarily attributable to higher sales volumes in the 2014 quarter and lower tax expense than in the 2013 quarter. Huckleberry had two shipments in the 2014 quarter compared to one shipment in the 2013 quarter.

There was a $22.4 million income and mining tax recovery in the September 2014 quarter compared to a $8.1 million expense in the 2013 quarter primarily due to recording of a deferred tax recovery on the remediation costs related to the tailings dam breach.

Cash flow was negative $59.1 million in the September 2014 quarter compared to positive cash flow of $28.6 million in the September 2013 quarter. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS in Canada. Cash flow is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid. The Company believes cash flow is useful to investors and it is one of the measures used by management to assess the financial performance of the Company.

Capital expenditures, inclusive of capitalized interest, were $93.1 million in the September 2014 quarter, down from $137.9 million in the September 2013 quarter. The expenditures in the September 2014 quarter were financed by cash flow from the Mount Polley mine and from long term debt. At September 30, 2014 the Company had $18.1 million in cash (December 31, 2013-$3.1 million). The Company had no short term debt at September 30, 2014 (December 31, 2013-$132.4 million) as this was all repaid from the long term financing arrangements for the Red Chris project. Refer to Note 10 of the September 30, 2014 condensed consolidated interim financial statements for details of the Company's long term financings.

SELECTED QUARTERLY FINANCIAL INFORMATION

[expressed in thousands, except per share amounts]	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Total Revenues	$22,667	$51,668	$125,068	$143,851
Net (Loss) Income	$(49,221)	$14,721	$(28,151)	$32,883
Net (Loss) Income per share	$(0.66)	$0.20	$(0.38)	$0.44
Diluted (Loss) Income per share	$(0.65)	$0.20	$(0.37)	$0.44
Adjusted Net Income (1)	$3,729	$16,641	$19,527	$32,826
Adjusted Net Income per share (1)	$0.05	$0.22	$0.26	$0.44
Adjusted EBITDA(1)	$9,869	$28,582	$53,120	$65,127
Working Capital Deficiency (2)	$(51,872)	$(171,743)	$(51,872)	$(171,743)
Total Assets	$1,307,857	$859,962	$1,307,857	$859,962
Total Long Term Debt (including current portion)	$679,554	$135,276	$679,554	$135,276
Cash dividends declared per common share	-	-	-	-
Cash Flow (1)	$(59,129)	$28,639	$(17,318)	$61,126
Cash Flow per share (1)	$(0.79)	$0.38	$(0.23)	$0.82

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

NON-IFRS FINANCIAL MEASURES

The Company reports four non-IFRS financial measures: Adjusted net income, Adjusted EBITDA, cash flow and cash cost per pound of copper produced which are described in detail under the heading Non-IFRS Financial Measures in the MD&A for the year ended December 31, 2013. The Company believes these measures are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.

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

Adjusted Net Income

Adjusted net income in the September 2014 quarter was $3.7 million ($0.05 per share) compared to $16.6 million ($0.22 per share) in the September 2013 quarter. Adjusted net income shows the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net income is calculated by removing the gains or losses, net of related income taxes, resulting from mark to market revaluation of derivative instruments not related to the current period, net of taxes, unrealized foreign exchange gains or losses on non-current debt, net of tax, and Mount Polley tailings dam remediation costs, net of tax, as further detailed below.

Calculation of Adjusted Net Income

[expressed in thousands, except per share amounts]	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Net (loss) income as reported	$(49,221)	$14,721	$(28,151)	$32,883
Unrealized (gain) loss on derivative instruments, net of tax (a)	(7,229)	1,920	(173)	(57)
Unrealized foreign exchange loss on non-current debt, net of tax (b)	16,371	-	4,043	-
Remediation costs, net of tax (c)	43,808	-	43,808	-
Adjusted Net Income	$3,729	$16,641	$19,527	$32,826
Adjusted Net Income Per Share	$0.05	$0.22	$0.26	$0.44

(a) Derivative financial instruments are recorded at fair value on the Company's Statement of Financial Position, with changes in the fair value, net of taxes, including the Company`s 50% share of derivative instruments of Huckleberry flowing through net income. The amounts ultimately realized may be materially different than reflected in the financial statements due to changes in prices of the underlying copper, gold and foreign currency hedged.
(b) Non-current debt is recorded on the Company's Statement of Financial Position at the foreign exchange rate in effect on that date, with changes in foreign exchange rates, net of taxes, flowing through net income. The amounts of non-current debt ultimately payable may be materially different than reflected in the financial statements due to foreign currency movements.
(c) Remediation costs related to the Mount Polley tailings dam breach, net of tax, have been excluded as these costs are non-recurring.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, taxes and depletion and depreciation and as adjusted for the other items described in the reconciliation table below.

Adjusted EBITDA is not necessarily comparable to similarly titled measures used by other companies. We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain non-cash or unusual items that we do not expect to continue at the same level in the future, or other items that we do not believe to be reflective of our ongoing operating performance. We further believe that our presentation of this non-IFRS financial measure provides information that is useful to investors because it is an important indicator of our operations and the performance of our core business.

Adjusted EBITDA is not a measurement of operating performance or liquidity under IFRS and should not be considered as a substitute for earnings from operations, net income or cash generated by operating activities computed in accordance with IFRS. Adjusted EBITDA has limitations as an analytical tool and therefore Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

A reconciliation of net income to Adjusted EBITDA is as follows:

Adjusted EBITDA

[expressed in thousands]	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Net (Loss) Income[(a)]	$(49,221)	$14,721	$(28,151)	$32,883
Adjustments:				
Income and mining tax (recovery) expense	(22,360)	8,126	(10,545)	17,038
Interest expense	-	6	-	35
Depletion and depreciation	3,681	4,410	16,304	12,845
Accretion of future site reclamation provisions	169	78	492	216
Unrealized (gains) losses on derivative instruments	(9,769)	1,423	(255)	(141)
Share based compensation	173	409	620	1,399
Foreign exchange losses (gains)	18,908	(400)	6,279	557
Revaluation on marketable securities	172	(194)	325	343
Loss (gain) on sale of mineral properties	681	3	616	(48)
Remediation costs	67,435	-	67,435	-
Adjusted EBITDA[(a)]	$9,869	$28,582	$53,120	$65,127

(a) Net income and Adjusted EBITDA includes our 50% portion of the net income from Huckleberry to reflect our adoption of IFRS11. However, we are not able to control the timing and amount, if any, of cash distributions that Huckleberry may make to Imperial.

Cash Flow and Cash Flow per Share

Cash flow and cash flow per share are measures used by the Company to evaluate its performance however they are not terms recognized under IFRS. Cash flow is defined as cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid and cash flow per share is the same measure divided by the weighted average number of common shares outstanding during the period.

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

[expressed in thousands, except per share amounts]	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Income (loss) before taxes	$(71,581)	$22,847	$(38,696)	$49,921
Items not affecting cash flows				
Equity (income) loss in Huckleberry	(1,851)	345	(1,933)	(3,868)
Depletion and depreciation	3,681	4,410	16,304	12,845
Share based compensation	173	409	620	1,399
Accretion of future site reclamation provisions	169	82	492	220
Unrealized foreign exchange (gains) losses	19,193	(688)	5,207	425
Unrealized (gains) losses on derivative instruments	(9,769)	1,423	(255)	(141)
Other	856	(189)	943	325
Cash Flow	$(59,129)	$28,639	$(17,318)	$61,126
Basic Weighted Average Number of Common Shares Outstanding	74,960,808	74,495,004	74,915,778	74,413,893
Cash Flow Per Share	$(0.79)	$0.38	$(0.23)	$0.82

Cash Cost Per Pound of Copper Produced

The cash cost per pound of copper produced is a non-IFRS financial measure that does not have a standardized meaning under IFRS, and as a result may not be comparable to similar measures presented by other companies. Management uses this non-IFRS financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this Non-IFRS financial measure individually for its two copper producing mines, Mount Polley and Huckleberry, and on a composite basis for these two mines.

The method of calculating the cash cost per pound of copper produced are described in detail under the heading Non-IFRS Financial Measures in the MD&A for the year ended December 31, 2013.

Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: ore grade, metal recoveries, amount of waste allocated to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US$ to CDN$ exchange rate and the amount of copper produced.

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

Estimated Cash Cost per Pound of Copper Produced

[expressed in thousands, except for cash cost per lb]

Three Months Ended September 30, 2014	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	B			C=A+B
Cost of Sales	$31,387	$15,694	$11,572	$3,642	$15,214	$27,266
Less:						
Depletion and depreciation	(7,328)	(3,664)	(1,794)	(531)	(2,325)	(5,458)
Share based compensation	-	-	(13)	-	(13)	(13)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(149)	(75)	-	-	-	(75)
Cash costs before adjustment to production basis	23,910	11,955	9,765	$3,111	$12,876	21,720
Adjust for inventory change	996	498	576			1,074
Adjust transportation and offsite costs	(341)	(171)	986			816
Treatment and refining costs	4,168	2,084	1,239			3,323
By-product and other revenues	(3,481)	(1,740)	(6,277)			(8,017)
Cash cost of copper produced in CDN$	25,256	12,628	6,289			18,917
US$ to CDN$ exchange rate	*1.0893*	*1.0893*	*1.0893*			*1.0893*
Cash cost of copper produced in US$	$23,186	$11,593	$5,773			$17,366
Copper produced - lbs	*10,566*	*5,283*	*4,294*			*9,577*
Cash cost per lb copper produced in US$	$2.19	$2.19	$1.34			$1.81

Three Months Ended September 30, 2013	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	B			C=A+B
Cost of Sales	$12,984	$6,492	$23,383	$3,091	$26,474	$29,875
Less:						
Depletion and depreciation	(1,980)	(990)	(3,549)	(836)	(4,385)	(4,539)
Share based compensation	-	-	(28)	-	(28)	(28)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(261)	(131)	-	-	-	(131)
Cash costs before adjustment to production basis	10,743	5,371	19,806	$2,255	$22,061	25,177
Adjust for inventory change	8,454	4,227	3,428			7,655
Adjust transportation and offsite costs	1,150	575	(668)			(94)
Treatment and refining costs	3,737	1,868	2,346			4,214
By-product and other revenues	(2,349)	(1,175)	(18,831)			(20,006)
Cash cost of copper produced in CDN$	21,734	10,866	6,080			16,946
US$ to CDN$ exchange rate	*1.0385*	*1.0385*	*1.0385*			*1.0385*
Cash cost of copper produced in US$	$20,928	$10,463	$5,855			$16,318
Copper produced - lbs	*10,472*	*5,236*	*11,020*			*16,256*
Cash cost per lb copper produced in US$	$2.00	$2.00	$0.53			$1.00

Estimated Cash Cost per Pound of Copper Produced

[expressed in thousands, except for cash cost per lb]

	Nine Months Ended September 30, 2014					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	B			C=A+B
Cost of Sales	$75,815	$37,908	$75,398	$8,874	$84,272	$113,306
Less:						
Depletion and depreciation	(16,308)	(8,154)	(11,575)	(3,044)	(14,619)	(19,729)
Share based compensation	-	-	(47)	-	(47)	(47)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(447)	(224)	-	-	-	(224)
Cash costs before adjustment to production basis	59,060	29,530	63,776	$5,830	$69,606	93,306
Adjust for inventory change	616	308	(1,562)			(1,254)
Adjust transportation and offsite costs	(426)	(214)	372			158
Treatment and refining costs	9,880	4,940	6,312			11,252
By-product and other revenues	(6,966)	(3,483)	(36,675)			(40,158)
Cash cost of copper produced in CDN$	62,127	31,099	32,223			63,306
US$ to CDN$ exchange rate	*1.0944*	*1.0944*	*1.0944*			*1.0944*
Cash cost of copper produced in US$	$56,805	$28,402	$29,444			$57,874
Copper produced - lbs	*25,267*	*12,634*	*24,490*			*37,124*
Cash cost per lb copper produced in US$	$2.25	$2.25	$1.20			$1.56

	Nine Months Ended September 30, 2013					
	Huckleberry 100%	Huckleberry 50%	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
		A	B			C=A+B
Cost of Sales	$76,491	$38,246	$88,535	$3,304	$91,839	$126,781
Less:						
Depletion and depreciation	(13,989)	(6,995)	(11,714)	(1,049)	(12,763)	(18,709)
Share based compensation	-	-	(103)	-	(103)	(103)
Management fees paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry	(809)	(405)	-	-	-	(405)
Cash costs before adjustment to production basis	61,693	30,846	76,718	$2,255	$78,973	107,564
Adjust for inventory change	1,265	633	(3,728)			(3,096)
Adjust transportation and offsite costs	421	210	(1,068)			(858)
Treatment and refining costs	11,647	5,823	5,966			11,789
By-product and other revenues	(7,868)	(3,034)	(53,501)			(57,435)
Cash cost of copper produced in CDN$	67,158	33,578	24,387			57,964
US$ to CDN$ exchange rate	*1.0236*	*1.0236*	*1.0236*			*1.0236*
Cash cost of copper produced in US$	$65,609	$32,803	$23,825			$56,628
Copper produced - lbs	*30,833*	*15,417*	*29,264*			*44,681*
Cash cost per lb copper produced in US$	$2.13	$2.13	$0.81			$1.27

DERIVATIVE INSTRUMENTS

In the three month period ending September 30, 2014 the Company recorded net gains of $9.4 million on derivative instruments, comprised of a $6.3 million net gain related to the CDN/US currency swap and a $3.1 million net gain on copper and gold derivatives. This compares to a $1.4 million loss in the September 2013 quarter for copper and gold derivatives. These gains and losses result from the mark to market valuation of the derivative instruments based on changes in the price of copper and gold and movements in the CDN/US exchange rate. These amounts include realized losses of $0.4 million on foreign currency swaps and a small gain on gold contracts in the September 2014 quarter and no realized gains or losses in the September 2013 quarter. The Company has not applied hedge accounting for its derivative instruments and therefore records changes in the unrealized gains or losses on these contracts at fair value on each statement of financial position date, with the adjustment resulting from the revaluation being charged to the statement of income as a gain or loss.

The Company utilizes a variety of derivative instruments including the purchase of puts, forward sales and the use of min/max zero cost collars. The Company's income or loss from derivative instruments may be very volatile from period to period as a result of changes in the copper and gold prices and CDN/US exchange rated compared to the copper and gold prices and CDN/US exchange rate at the time when these contracts were entered into and the type and length of time to maturity of the contracts.

Derivative instruments cover about 33% of the estimated copper settlements via min/max zero cost collars and 50% of the estimated gold settlements via min/max zero cost collars through December 2014. The estimated settlements reflect production at Mount Polley to August 4, 2014. In addition, the Company has hedged 36,000 ounces of gold for 2015 which is allocated to the expected production from the Red Chris mine.

In the March 2014 quarter the Company entered into a cross currency swap to lock in the foreign exchange rate on US$110.0 million of the US$325.0 million senior unsecured notes (the "Notes") principal amount and related interest over the five year term of the Notes. The foreign exchange rate was fixed at 1.1113 CDN for each US Dollar. Based on the September 30, 2014 CDN/US Dollar exchange rate the Company had an unrealized loss of $1.3 million on the derivative instruments related to the swap.

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

DEVELOPMENTS DURING THE SEPTEMBER 2014 QUARTER

GENERAL

The London Metals Exchange copper price per pound averaged US$3.17 in the September 2014 quarter compared to US$3.21 in the comparative 2013 quarter. The London Metals Exchange gold price per troy ounce averaged US$1,282 in the September 2014 quarter compared to US$1,327 in the comparative 2013 quarter. The average CDN/US Dollar exchange rate of 1.089 in the September 2014 quarter was higher compared to the average CDN/US Dollar exchange of 1.039 in the comparative quarter. In CDN Dollar terms the average copper price in the September 2014 quarter was 3.5% higher than in the comparative 2013 quarter, and the average gold price in the September 2014 quarter was 1.3% higher than in the comparative 2013 quarter.

MOUNT POLLEY MINE

Exploration, development and capital expenditures at Mount Polley were $5.0 million in the September 2014 quarter compared to $16.3 million in the comparative 2013 quarter.

On August 4 the tailings dam at the Mount Polley mine was breached, and since then the mill has been on care and maintenance. Mining crews and others have been engaged in response and recovery activities, including securing the remaining tailings within the impoundment, collecting contact water, reducing the water level in Polley Lake, and cleaning up woody debris deposited in Quesnel Lake. A program of rehabilitation and restoration in the areas affected by the breach has now begun.

Geotechnical work is currently underway to determine the root cause of the tailings dam breach. The geotechnical work program includes mapping, geophysical surveys, drilling and test pitting, and is expected to be completed in mid-November. The expert review panel established by the Province of BC to investigate the root cause of the dam failure is to issue a report by January 31, 2015.

In September the Company completed a $115.0 million unsecured convertible debenture financing which management estimates will provide sufficient liquidity to complete and commission the Red Chris mine. This financing, along with the projected cash flow from the Red Chris mine together with insurance proceeds is expected to fund the estimated rehabilitation and restoration cost of the tailings dam breach at the Mount Polley mine.

HUCKLEBERRY MINE

Exploration, development and capital expenditures at Huckleberry were $9.7 million in the September 2014 quarter compared to $20.3 million in the comparative 2013 quarter.

Huckleberry revenues in the September 2014 quarter were $37.2 million compared to $21.1 million in the comparative 2013 quarter primarily due to higher sales volumes. Huckleberry had two shipments in the 2014 quarter compared to one shipment in the 2013 quarter.

Throughput for the 2014 third quarter averaged 17,073 tonnes per calendar day, up from the 15,404 tonnes achieved in the comparative 2013 quarter, as softer ores from the Main zone pit are being processed. The mill continues to operate with the damaged SAG mill bull gear, rotating in the opposite direction. Monthly inspections are being performed to monitor the status of the damaged teeth on the bull gear. The replacement bull gear and two pinion gears for the SAG mill are on site and a ten day shutdown is planned in November for the installation of the new bull gear.

As a result of milling time lost with the failure, and the replacement of the bull gear, the 2014 production forecast is 36.0 million pounds copper and 175,000 ounces silver.

RED CHRIS MINE

Total development expenditures at Red Chris were $87.4 in the September 2014 quarter, including capitalized interest of $11.1 million, compared to $122.0 million in the September 2013 quarter which included capitalized interest of $3.1 million.

Imperial's construction of the 287kV Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga, and the 16 kilometre 287kV power line from Tatogga to the Red Chris main substation are both complete and the entire line from Bob Quinn to the main substation at Red Chris is now energized and commissioning of various sections of the 25kV site power systems can begin. The commissioning will begin with the crushing, pit and reclaim water systems, and then work through the grinding and flotation sections of the processing plant. The gyratory crusher, overland conveyors, reclaim apron feeders, reclaim conveyors, reagent building and associated E-houses have been pre-commissioned using generators.

The mining equipment fleet procurement is complete. The P&H 2800 electric shovel is assembled and ready for commissioning. The diesel fleet has pre-developed the mine. Soil was stripped off the East Zone Starter Pit and non-acid generating rock was excavated and used to construct haul roads or hauled to the rock disposal site. Ore has been stockpiled for plant commissioning. A haul road to the Main Zone Starter Pit has been completed and a bench readied for drilling.

The North Starter Dam was raised to 1098 metres by the end of October. The tailings impoundment basin contains sufficient water for mill startup. The booster pumphouse, reclaim and tailings pipelines and process water system installation are complete. The site infrastructure including mine access road, truck shop, warehouse, assay lab and camp are operational.

The process building mechanical installations are essentially complete. The piping crews are installing heat tracing and insulation and completing the final punch list of outstanding items. The electrical crews are working throughout the process building with priority on equipment terminations. A commissioning team of contractors and employees have been assembled to commission the plant starting in December.

The construction of the concentrate storage shed at the Port of Stewart was complete at the end of October. The mechanical and electrical installations inside the shed are ongoing. The shed will be ready to receive concentrate when the mine commences operations.

A third party review of the Red Chris tailings dam was completed by the consultants reporting to representatives of the Tahltan Nation. The Tahltan Central Council and Imperial are working together to develop a work plan to implement the recommendations contained in the review. Imperial is also working with the representatives of the Tahltan Nation to finalize an Impacts & Benefits Agreement.

The forecast construction cost to complete the Red Chris mine is now estimated to be $643.0 million versus the previously estimated construction costs of $631.0 million.

STERLING MINE

Exploration and development expenditures at Sterling were under $0.2 million in the September 2014 quarter compared to a recovery of $0.8 million in the September 2013 quarter. The September 2013 quarter included preproduction revenues which more than offset expenditures in that period.

Mining in the 2014 third quarter focused on developing the 3240 and 3200 levels of the 144 zone. Stoping occurred on two levels: 3320 and 3260, which produced 8,126 tons of ore for the quarter. A total of 120 feet of drifting was completed on the 3180 level, 30 feet on the 3260 level, 160 feet on the 3240 level and 120 feet on the 3200 level. Tonnage from drifting totalled 4,281. Solution continued to be processed through the recovery plant. A total of 1,211 ounces were in-process at quarter end.

RUDDOCK CREEK

Exploration and development expenditures at Ruddock Creek were $0.4 million in each of the September 2014 and 2013 quarters.

During the last quarter the Ruddock Creek Joint Venture completed the majority of the planned 2014 program. This consisted of additional metallurgical testing on a new bulk sample collected from the Upper E zone, 22 new geotechnical and groundwater well installations, and ongoing baseline data collection for future permitting requirements. The baseline data collection included fish, benthic invertebrates, vegetation, wildlife, surface and groundwater sampling and testing, stream flow, weather station downloads and maintenance, dust fall monitoring site installation and sampling. Surface exploration in the 2014 field season was focused on detailed geological and structural mapping in a number of areas.

A bridge on the Oliver Creek forest road was vandalized in October. The damage was quickly repaired, and access for the collection of baseline data was not impacted.

Following the submission of a project description to both the Provincial and Federal governments, the Province of British Columbia requested, and on July 15 received, substitution approval from the Canadian Environmental Assessment Agency whereby British Columbia will be an appropriate substitute for the federal environmental assessment process. Subsequently, on October 6 the British Columbia Environmental Assessment Office issued a Section 11 Order which establishes the formal scope, procedures and methods concerning Ruddock Creek's environmental assessment.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2013

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the three months ended September 30, 2014 and the audited consolidated financial statements of the Company for the year ended December 31, 2013.

FINANCIAL RESULTS

Overview

Revenues were $22.7 million in the September 2014 quarter compared to $51.7 million in the comparative 2013 quarter. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where copper price will settle at a future date.

Income from mine operations decreased to $7.5 million from $25.2 million in the comparative 2013 quarter due to lower sales revenues. Metal quantity shipped in the 2014 quarter was lower than the comparative 2013 quarter due to suspension of operations at the Mount Polley mine in August, 2014 due to the tailings dam breach.

The net loss for the September 2014 quarter was $49.2 million ($0.66 per share) compared to net income of $14.7 million ($0.20 per share) in the comparative September 2013 quarter. The variation in net income this quarter compared to the 2013 quarter is largely attributable to the remediation costs of $67.4 million ($43.8 million after tax) related to the Mount Polley tailings dam breach. In addition to variances in revenues and income from mine operations described above, variations in net income period over period are predominately attributable to movements in foreign exchange and realized and unrealized gains and losses on derivative instruments, foreign exchange and taxes.

Revenue

[expressed in thousands of dollars, except quantity amounts]

	Three Months Ended September 30	
	2014	2013
Copper 000's pounds sold	*5,006*	*9,719*
Gold ounces sold	*6,957*	*13,994*
Revenue before revaluation	$22,404	$48,860
Revenue revaluation	263	2,808
	$22,667	$51,668

The decrease in revenue in the September 2014 quarter over the 2013 quarter is due primarily to lower sales volumes as a result of suspended operations at the Mount Polley mine. There was one concentrate shipment in the September 2014 quarter compared to two shipments in the 2013 quarter from the Mount Polley mine.

In US Dollars, copper prices were about 1.2% lower in the September 2014 quarter than in the comparative 2013 quarter, averaging about US$3.17 per pound compared to US$3.21 per pound. The US Dollar strengthened against the CDN Dollar during the 2014 quarter. Factoring in the average exchange rate, the price of copper averaged CDN$3.45 per pound in the September 2014 quarter about 3.5% higher than the September 2013 quarter average of CDN$3.34 per pound.

The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,282 in the September 2014 quarter compared to US$1,327 in the comparative 2013 quarter. Factoring in the average exchange rate, the price of gold averaged CDN$1,396 per ounce in the September 2014 quarter about 1.3% higher than the comparative 2013 quarter average of CDN$1,379 per ounce.

Cost of Sales

[expressed in thousands of dollars]

	Three Months Ended September 30	
	2014	2013
Operating expenses	$8,212	$14,336
Salaries, wages and benefits	4,664	7,725
Depletion and depreciation	2,325	4,385
Share based compensation	13	28
	$15,214	$26,474

General and Administration Costs

[expressed in thousands of dollars]

	Three Months Ended September 30	
	2014	2013
Administration	$801	$1,273
Share based compensation	160	381
Depreciation	151	25
Foreign exchange (gain) loss	(110)	227
	$1,002	$1,906

General and administration costs decreased in the September 2014 quarter compared to the comparative 2013 quarter primarily as a result of lower corporate administration costs and foreign exchange gains in the 2014 quarter compared to foreign exchange losses in the 2013 quarter. Share based compensation expense also declined from 2013 as there were no new option grants.

The average CDN/US Dollar exchange rate for the September 2014 quarter was 1.089 compared to 1.039 in the comparative 2013 quarter. Gains and losses are attributable to holding US Dollar denominated cash, accounts receivable, accounts payable and short term debt. These net US Dollar asset and liability balances are the result of the operations at Mount Polley and financing arrangements for Mount Polley and Red Chris.

Finance (Costs) Income

[expressed in thousands of dollars]

	Three Months Ended September 30	
	2014	2013
Gains (losses) on derivatives instruments	$9,371	$(1,423)
Interest expense, accretion and financing fees, net of $11,129 (September 30, 2013-$3,144) capitalized to construction in progress	-	369
Foreign exchange (loss) gain on debt	(19,018)	627
Other (loss) gain	(307)	333
	$(9,954)	$(94)

The inclusion of gains and losses on derivative instruments results in large variances in finance costs. The Company has not applied hedge accounting for its derivative instruments and therefore records changes in the unrealized gains or losses on these contracts at fair value on each statement of financial position date. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous quarters, due to changes in copper and gold price and foreign exchange rate, resulted in a gain of $9.4 million during the three months ending September 30, 2014 compared to a loss of $1.4 million in the comparative September 2013 quarter. The ultimate gain or loss on these contracts will be determined by the copper and gold prices and foreign exchange rate in the periods when these contracts settle.

Interest expense, accretion of convertible debentures and financing fees of $11.1 million was capitalized to construction in progress during the September 2014 quarter as a result of the construction at the Red Chris mine. In the comparative 2013 quarter $3.1 million was capitalized.

At September 30, 2014 the Company had $356.7 million in US Dollar denominated debt compared to $29.4 million at September 30, 2013. The foreign exchange gains and losses attributable to US dollar denominated non-current debt reflecting the foreign currency movements in the September 30, 2014 quarter compared to the foreign exchange rate at the beginning of the quarter resulted in a $16.9 million loss on the senior notes and a $2.1 million loss on long term equipment loans during the quarter. Foreign exchange movements during the quarter and revaluation of period end balances resulted in total foreign exchange losses of $19.0 million in the September 2014 quarter compared to a $0.6 million gain in the comparative 2013 quarter.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was $1.9 million in the September 2014 quarter compared to $0.4 million loss on the comparative 2013 quarter. The improvement was primarily due to higher shipment volumes as Huckleberry had two shipments in the 2014 quarter compared to one in 2013.

[stated 100% - Imperial's equity share is 50%]
[expressed in thousands of dollars, except quantity amounts]

	Three Months Ended September 30	
	2014	2013
Copper 000's pounds sold	*12,037*	*5,427*
Revenue before revaluations	$39,535	$17,105
Revenue revaluation	(2,325)	4,012
	37,210	21,117
Cost of sales	(31,387)	(12,984)
Income from mine operations	5,823	8,133
Other	146	(4,158)
Income (loss) before taxes	5,969	3,975
Income and mining taxes	(2,269)	(4,666)
Net Income (Loss)	$3,700	$(691)

Income and Mining Taxes (Recovery)

[expressed in thousands of dollars, except quantity amounts]

	Three Months Ended September 30	
	2014	2013
Current Taxes (Recovery)		
Income taxes	$25	$711
BC Mineral taxes (Recovery)	(566)	419
Nevada Net Proceeds Tax	-	39
	(541)	1,169
Deferred Taxes (Recovery)		
Income taxes (Recovery)	(16,458)	5,125
BC Mineral Taxes (Recovery)	(5,361)	1,832
	(21,819)	6,857
	$(22,360)	$8,126

The Company's effective tax rate, including BC Mineral taxes and excluding equity income from Huckleberry, was 30.4% of pre-tax income, significantly lower than the expected 35.6% tax rate as a result of no tax recovery on certain expense items.

LIQUIDITY & CAPITAL RESOURCES

CASH FLOW

The Company recorded a net loss of $ 49.2 million in September 2014 quarter compared to net income of $14.7 million in the September 2013 quarter. Cash flow was negative $59.1 million in 2014 compared to positive cash flow of $28.6 million in 2013.

Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS and may not be comparable to similar measures used by other companies. Cash flow is defined as cash flow from operations before the net change in working capital balances, income and mining taxes, and interest paid.

ACQUISITION AND DEVELOPMENT OF MINERAL PROPERTIES

Acquisition and development of mineral properties totalled $93.1 million in the September 2014 quarter compared to $137.9 million in the September 2013 quarter. Acquisition and development expenditures in 2014 were financed from cash flow from operations and non-current term debt.

[expressed in thousands of dollars]	Three Months Ended September 30	
	2014	2013
Capital and Development Expenditures		
Mount Polley	$4,580	$13,021
Red Chris (including capitalized interest of $11,129 (2013-$3,144))	87,532	121,958
Sterling	8	344
Other	-	-
	92,120	135,323
Exploration Expenditures		
Mount Polley	411	3,238
Red Chris	(90)	33
Sterling, net of pre-production revenues	166	(1,112)
Other	456	408
	943	2,567
	$93,063	$137,890

Capital and development expenditures in the September 2014 quarter were $92.1 million, including capitalized interest of $11.1 million. Expenditures were lower than the $135.3 million in the September 2013 quarter as the Company is nearing completion of the construction of the Red Chris project. Expenditures in the September 2014 quarter were financed primarily from non-current debt. At September 30, 2014 the Company had $18.1 million in cash (December, 2013-$3.1 million).

Exploration expenditures of $0.4 million at Mount Polley consist of underground expenditures at the Boundary zone. The Company's 50% share of exploration and development expenditures at Ruddock Creek in the September 2014 quarter was $0.4 million.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2013

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the nine months ended September 30, 2014 and the audited consolidated financial statements of the Company for the year ended December 31, 2013.

FINANCIAL RESULTS

Overview

Revenues were $125.1 million in the September 2014 period compared to $143.9 million in the comparative 2013 period. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rate, and period end revaluations of revenue attributed to concentrate shipments where copper price will settle at a future date.

Income from mine operations decreased to $40.8 million from $52.0 million in the comparative 2013 quarter due to lower contributions from operations resulting from the Mount Polley tailings dam breach. Metal quantity shipped in the 2014 period was lower than the comparative 2013 period due to suspension of operations at the Mount Polley mine in August, 2014.

Net loss for the nine months ended September 30, 2014 was $28.1 million ($0.38 per share) compared to net income of $32.9 million ($0.44 per share) in the comparative 2013 period. The variation in net income this period compared to 2013 is primarily attributable to the remediation costs of $67.4 million ($43.8 million after tax) related to the Mount Polley tailings dam breach. In addition to variances in revenues and income from mine operations as described above, variations in net income period over period are also attributable to movements in realized and unrealized gains and losses on derivative instruments and foreign exchange and taxes.

Revenue

[expressed in thousands of dollars, except quantity amounts]	Nine Months Ended September 30	
	2014	2013
Copper 000's pounds sold	*26,405*	*29,340*
Gold ounces sold	*32,120*	*38,402*
Revenue before revaluation	$126,703	$149,370
Revenue revaluation	(1,635)	(5,519)
	$125,068	$143,851

The decrease in revenue in the September 2014 period compared to the 2013 period is due to lower sales volumes. There were five concentrate shipments in the September 2014 period compared to six shipments in the 2013 period from the Mount Polley mine.

In US Dollars, copper prices were about 6.0% lower in the September 2014 period than in the comparative 2013 period, averaging about US$3.15 per pound compared to US$3.35 per pound. The US Dollar strengthened against the CDN Dollar during the 2014 period. Factoring in the average exchange rate, the price of copper averaged CDN$3.45 per pound in the September 2014 period marginally higher than the September 2013 period average of CDN$3.43 per pound.

The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,288 in the September 2014 period compared to US$1,457 in the comparative 2013 period. Factoring in the average exchange rate, the price of gold averaged CDN$1,409 per ounce in the September 2014 period about 5.6% lower than the comparative 2013 period average of CDN$1,492 per ounce.

Cost of Sales

[expressed in thousands of dollars]	Nine Months Ended September 30	
	2014	2013
Operating expenses	$46,800	$52,827
Salaries, wages and benefits	22,806	26,146
Depletion and depreciation	14,619	12,763
Share based compensation	47	103
	$84,272	$91,839

Cost of sales decreased primarily due to lower operating expenses and salaries, wages and benefits partially offset by higher depletion and depreciation charges.

General and Administration Costs

[expressed in thousands of dollars]

	Nine Months Ended September 30	
	2014	2013
Administration	$3,395	$4,062
Share based compensation	573	1,296
Depreciation	480	82
Foreign exchange loss	1,160	95
	$5,608	$5,535

General and administration costs increased slightly in the September 2014 period compared to the comparative 2013 period as a result of higher foreign exchange losses over the prior period. Share based compensation expense declined from 2013 as there were no new option grants. Corporate administration costs also declined.

The average CDN/US Dollar exchange rate for the September 2014 period was 1.094 compared to 1.024 in the comparative 2013 period. Gains and losses are attributable to holding US Dollar denominated cash, accounts receivable, accounts payable and short term debt. These net US Dollar asset and liability balances are the result of the operations at Mount Polley and financing arrangements for Mount Polley and Red Chris.

Finance (Costs) Income

[expressed in thousands of dollars]

	Nine Months Ended September 30	
	2014	2013
(Losses) gains on derivatives instruments	$(130)	$141
Interest expense, accretion and financing fees, net of $26,542 (September 30, 2013-$5,534) capitalized to construction in progress	-	(35)
Foreign exchange loss on debt	(5,119)	(462)
Other	(763)	(116)
	$(6,012)	$(472)

The inclusion of gains and on derivative instruments results in large variances in finance costs. The Company has not applied hedge accounting for its derivative instruments and therefore records changes in the unrealized gains or losses on these contracts at fair value on each statement of financial position date. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous quarters, due to changes in copper and gold price and foreign exchange rate, resulted in a loss of $0.1 million during the nine months ending September 30, 2014 compared to a gain of $0.1 million in the comparative September 2013 period. The ultimate gain or loss on these contracts will be determined by the copper and gold prices and foreign exchange rate in the periods when these contracts settle.

Interest expense, accretion and financing fees of $26.5 million were capitalized to construction in progress during the September 2014 period as a result of the construction at the Red Chris mine. In the comparative 2013 period $5.5 million was capitalized.

At September 30, 2014 the Company had $356.7 million in US Dollar denominated debt compared to $29.4 million at September 30, 2013. Foreign exchange gains and losses attributable to US denominated short and long term debt reflect the foreign currency movements in the period compared to the foreign exchange rate at the beginning of the year resulted in a $0.3 million loss on debt, $2.4 million loss on long term equipment loans and a $2.4 million loss on senior notes. Foreign exchange movements during the 2014 period, including the foreign exchange rate at period end resulted in total foreign exchange losses of $5.1 million in the September 2014 period compared to a $0.5 million loss in the comparative 2013 period.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was $1.9 million in the September 2014 period compared to a $3.9 million income on the comparative 2013 period. The decline was primarily due to lower shipment volumes resulting from the suspension of operations and idle mine costs during the suspension period.

[stated 100% - Imperial's equity share is 50%] [expressed in thousands of dollars, except quantity amounts]	Nine Months Ended September 30 2014	2013
Copper 000's pounds sold	*27,346*	*28,899*
Revenue before revaluations	$89,652	$96,503
Revenue revaluation	(5,041)	(2,726)
	84,611	93,777
Cost of sales	(75,815)	(76,491)
Income from mine operations	8,796	17,286
Other	(167)	(1,562)
Idle mine costs	(3,327)	-
Income (loss) before taxes	5,302	15,724
Income and mining taxes	(1,437)	(7,989)
Net Income	$3,865	$7,735

Income and Mining Taxes (Recovery)

[expressed in thousands of dollars, except quantity amounts]	Nine Months Ended September 30 2014	2013
Current Taxes		
Income taxes	$2	$2,288
BC Mineral taxes	128	766
Nevada Net Proceeds tax	-	39
	130	3,093
Deferred Taxes		
Income tax recovery	(8,615)	12,111
BC Mineral Tax recovery	(2,060)	1,834
	(10,675)	13,945
	$(10,545)	$17,038

The Company's effective tax rate, including BC Mineral taxes and excluding equity income from Huckleberry, was 26.0% of pre-tax income significantly lower than the expected 35.6% tax rate as a result of no tax recovery on certain expense items.

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 credit facilities with counterparties related to derivative instruments, non-current debt and equity attributable to common shareholders, comprised of share capital, share option reserve, warrant reserve, equity component of convertible debentures and retained earnings.

LIQUIDITY & CAPITAL RESOURCES

CREDIT RISK

The Company's credit risk is limited to cash, trade and other receivables, future site reclamation deposits and derivative instruments in the ordinary course of business. The credit risk of cash and future site reclamation deposits is mitigated by placing funds in financial institutions with high credit quality.

The Company sells to a limited number of smelters and traders. These customers are large, well capitalized and diversified multinationals, and credit risk is considered to be minimal. The balance of trade receivables owed to the Company in the ordinary course of business is significant and the Company often utilizes short term debt facilities with customers to reduce the net credit exposure.

The Company enters into derivative instruments with a number of counterparties. The credit risks associated with these counterparties is considered to be minimal because of their strong capital base, diversity and multinational operations. In addition, to reduce risk related to derivative instruments the Company utilizes multiple counterparties.

LIQUIDITY RISK

The Company has in place a rigorous planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. The Company ensures that in addition to cash balances there are sufficient committed credit facilities, including the advance payment facilities noted above, to provide the necessary cash to meet projected cash requirements. At September 30, 2014 the Company's primary sources of credit are the long term financing arrangements for the Red Chris project and for general working capital purposes. These are comprised of a $200.0 million syndicated secured revolving credit facility, US$325.0 million senior unsecured notes, $115.0 million of unsecured convertible debentures, a $75.0 million unsecured junior credit facility plus $50.0 million of equipment loans.

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

The Company is projecting an additional $12.0 million of construction costs to complete the Red Chris mine and the Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga over the previously projected construction costs of $631.0 million. In November 2014 the Company completed construction and energization of the Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga. The Company expects to complete the previously agreed upon sale of the Iskut extension in the near term for proceeds of $52.0 million.

Management estimates the September 2014, $115.0 million unsecured convertible debenture financing will provide sufficient liquidity to complete and commission the Red Chris mine. This financing along with the projected cash flow from the Red Chris mine together with insurance proceeds is expected to fund the estimated remediation cost of the tailings dam breach at the Mount Polley mine. However, there are inherent risks associated with the startup of a mine, and inherent uncertainties related to the scope, timing and cost of the rehabilitation and restoration.

The Company also holds derivative instruments, its investment in Huckleberry, mineral property holdings and marketable securities. While these may be convertible to cash they are not considered when assessing the Company's liquidity as they are part of the risk management program of the Company, long term strategic holdings, or are only convertible to cash over a longer time horizon if realizable values exceed management's assessment of fair value, respectively. Therefore, as part of the Company's planning, budgeting and liquidity analysis process, these items are not relied upon to provide operational liquidity. The Company does not hold any Master Asset Vehicle Notes.

The Company's overall liquidity risk has increased in 2014 from 2013 as the Company faced much higher than normal capital expenditures in 2014 related to the development of the Red Chris mine, and as a result of the Mount Polley tailings dam breach. The tailings dam breach removed the Company's primary source of cash flow and added the remediation costs to the current obligations of the Company. Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

The Company had the following contractual obligations with respect to financial instruments as of September 30, 2014:

[expressed in thousands of dollars]	Within 1 Year	2 to 3 Years	4 to 5 Years	Over 5 Years	Total
Trade and other payables	$53,110	$ -	$ -	$ -	$53,110
Derivative instrument liabilities	-	-	1,276	-	1,276
Non-current debt	11,882	215,826	375,794	115,000	718,504
	$64,992	$215,826	$377,070	$115,000	$772,890

CURRENCY RISK

Financial instruments that impact the Company's net income and comprehensive income due to currency fluctuations include US dollar denominated cash, accounts receivable, derivative instrument assets and margin deposits, reclamation deposits, trade and other payables, derivative instrument liabilities, and debt. If the US Dollar had been 10% higher/lower and all other variables were held constant, net income and comprehensive income for the nine months ended September 30, 2014 would have been lower/higher by $27.6 million. This is a significant change from prior to 2014 as a result of the issuance of the US Dollar denominated senior notes in the March 2014 quarter. The foreign currency swap for a substantial portion of the senior notes, which is not included in the $27.6 million, would offset some of this gain/loss.

CASH FLOW

The Company recorded net loss of $28.2 million in 2014 compared to net income of $32.9 million in 2013. Cash flow was negative $17.3 million in 2014 compared to positive cash flow of $61.1 million in 2013.

Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS and may not be comparable to similar measures used by other companies. Cash flow is defined as cash flow from operations before the net change in working capital balances, income and mining taxes, and interest paid.

WORKING CAPITAL

At September 30, 2014 the Company had a working capital deficiency, defined as current assets less current liabilities, of $51.9 million, a decrease of $110.9 million from a working capital deficiency of $162.8 million at December 31, 2013. The September 30, 2014 working capital position reflects the repayment of short term debt from the long term financing arrangements for the Company in March 2014 and the $44.2 million provision for remediation. Trade and other payables for the Red Chris project total $36.4 million at September 30, 2014.

ACQUISITION AND DEVELOPMENT OF MINERAL PROPERTIES

Acquisition and development of mineral properties totalled $331.7 million in the September 2014 period compared to $279.8 million in the September 2013 quarter. Acquisition and development expenditures in 2014 were financed from cash flow from operations and long term debt.

[expressed in thousands of dollars]	Nine Months Ended September 30 2014	2013
Capital and Development Expenditures		
Mount Polley	$42,948	$49,582
Red Chris (including capitalized interest of $26,542 (2013-$5,534))	283,562	223,091
Sterling	78	874
Other	5	20
	326,593	273,567
Exploration Expenditures		
Mount Polley	3,951	7,329
Red Chris	184	320
Sterling, net of pre-production revenues	145	(2,092)
Other	857	644
	5,137	6,201
	$331,730	$279,768

Capital and development expenditures were $326.6 million including capitalized interest of $26.5 million was up from $273.6 million in the September 2013 quarter. Expenditures in the September 2014 period were financed from non-current debt and by cash flow from the Mount Polley mine. At September 30, 2014 the Company had $18.1 million in cash (December, 2013-$3.1 million).

Exploration expenditures of $4.0 million at Mount Polley consist of underground expenditures at the Boundary zone. The Company's 50% share of exploration and development expenditures at Ruddock Creek in the September period was $0.8 million.

DEBT AND OTHER OBLIGATIONS

INTEREST RATE RISK

The Company is exposed to interest rate risk on its outstanding borrowings. At September 30, 2014 the majority of the Company's outstanding borrowings were at fixed interest rates compared to September 30, 2013 when the majority of the Company's outstanding borrowings were at floating interest rates. The Company monitors its exposure to interest rates and is comfortable with its current exposure. The Company has not entered into any derivative contracts to manage this risk.

In addition to the senior unsecured notes issued in the March 2014 quarter to repay short term debt and non-current debt the Company utilized short term debt from purchasers of the Company's concentrate and advances from the revolving senior credit facility provide working capital to meet day to day cash requirements. The September 2014 $115.0 million convertible debenture financing provided funding to assist with Red Chris construction costs and remediation expenses for the Mount Polley tailings dam breach.

The Company had the following contractual obligations as of September 30, 2014:

[expressed in thousands of dollars]	2014	2015	2016	2017	2018	2019 and beyond	Total
Non-current debt	$2,902	$12,190	$202,951	$12,486	$7,475	$480,501	$718,505
Office rental payments	101	403	405	205	-	-	1,114
Capital expenditures and other[(1)]	10,734	208	208	28	28	28	11,234
Reclamation bonding	695	4,500	6,000	5,500	4,000	3,800	24,495
Mineral properties [(2)]	53	472	595	748	972	1,104	3,944
	$14,485	$17,773	$210,159	$18,967	$12,475	$485,433	$759,292

(1) Total is to year 2020 only.
(2) Mineral property commitments are the estimated payments required to keep the Company's claims or option agreements in good standing. Total is to the year 2019 only.

At September 30, 2014 the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

OTHER PRICE RISKS

The Company is exposed to equity price risk arising from marketable securities. Marketable securities are classified as held for trading because the Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities.

FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as held for trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of derivative instrument assets and liabilities are determined by the counterparties using standard valuation techniques for these derivative instruments.

The carrying value less impairment provision, if necessary, of trade and other receivables and trade and other payables, are assumed to approximate their fair values. Management believes that the carrying value of non-current debt approximates fair value. Interest rates and credit spreads have not changed significantly since the non-current debt was issued and therefore the carrying value is not materially different from fair value.

IFRS 7 - *Financial Statements–Disclosures* was amended to require disclosures about the inputs to fair value measurement, including their classifications within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2014 as follows:

[expressed in thousands of dollars]	Level 1	Level 2	Total
Financial Assets			
Cash	$18,108	$ -	$18,108
Marketable securities	738	-	738
Provisionally priced receivables	-	6,899	6,899
Derivative instruments assets	-	3,251	3,251
Future site reclamation deposits	3,237	-	3,237
	22,083	10,150	32,233
Financial Liabilities			
Derivative instrument liabilities	-	1,276	1,276
	$22,083	$8,,874	$0,957

SELECT QUARTERLY FINANCIAL INFORMATION

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

	Three Months Ended			
	September 30 2014	June 30 2014	March 31 2014	December 31 2013
Total sales including 50% equity share of Huckleberry				
Copper 000's lbs sold	*11,024*	*13,857*	*15,556*	*16,169*
Gold ounces sold	*7,479*	*12,045*	*13,889*	*13,790*
Silver ounces sold	*42,501*	*42,725*	*56,419*	*69,957*
Total sales excluding Huckleberry				
Copper 000's lbs sold	*5,006*	*11,022*	*10,735*	*9,696*
Gold ounces sold	*6,957*	*11,085*	*13,594*	*13,407*
Silver ounces sold	*17,205*	*30,972*	*32,479*	*34,568*
Total Revenues	$22,667	$51,066	$51,335	$43,954
Equity Income (loss) in Huckleberry	$1,851	$1,390	$(1,308)	$4,465
Net (Loss) Income	$(49,221)	$15,213	$5,857	$8,071
Basic (Loss) Income per share (1)	$(0.66)	$0.20	$0.08	$0.11
Diluted (Loss) Income per share (1)	$(0.66)	$0.20	$0.08	$0.11
Adjusted Net Income (2)	$3,729	$8,899	$6,899	$7,225
Adjusted Net Income per share(1) (2)	$0.05	$0.12	$0.09	$0.10
Adjusted EBITDA (2)	$9,869	$23,567	$19,684	$21,469
Cash Flow (2)	$(59,129)	$21,494	$20,317	$17,087
Cash Flow per share (1) (2)	$(0.79)	$0.29	$0.27	$0.23
Average LME copper price/lb in US$	$3.170	$3.080	$3.190	$3.240
Average LME gold price/troy oz in US$	$1,282	$1,289	$1,294	$1,291
Average CDN/US$ exchange rate	$1.089	$1.091	$1.103	$1.049
Period end CDN/US$ exchange rate	$1.121	$1.068	$1.105	$1.064

	Three Months Ended			
	September 30 2013	June 30 2013	March 31 2013	December 31 2012(3)
Total sales including 50% equity share of Huckleberry				
Copper 000's lbs sold	*12,432*	*15,583*	*15,775*	*12,716*
Gold ounces sold	*14,161*	*12,172*	*12,982*	*15,167*
Silver ounces sold	*45,249*	*65,977*	*67,749*	*48,850*
Total sales excluding Huckleberry				
Copper 000's lbs sold	*9,719*	*9,646*	*9,975*	*9,975*
Gold ounces sold	*13,994*	*11,779*	*12,628*	*14,979*
Silver ounces sold	*29,572*	*32,784*	*33,990*	*32,883*
Total Revenues	$51,668	$41,317	$50,866	$58,547
Equity Income (loss) in Huckleberry	$(345)	$2,279	$1,934	$1,704
Net Income	$14,721	$7,541	$10,621	$11,718
Basic Income per share (1)	$0.20	$0.10	$0.14	$0.16
Diluted Income per share (1)	$0.20	$0.10	$0.14	$0.16
Adjusted Net Income (2)	$16,641	$5,968	$10,217	$10,635
Adjusted Net Income per share(1) (2)	$0.22	$0.08	$0.14	$0.14
Adjusted EBITDA (2)	$28,586	$18,043	$18,502	$22,647
Cash Flow (2)	$28,639	$16,036	$16,451	$21,418
Cash Flow per share (1) (2)	$0.38	$0.22	$0.22	$0.29
Average LME copper price/lb in US$	$3.210	$3.240	$3.600	$3.590
Average LME gold price/troy oz in US$	$1,327	$1,413	$1,630	$1,719
Average CDN/US$ exchange rate	$1.039	$1.023	$1.009	$0.991
Period end CDN/US$ exchange rate	$1.029	$1.051	$1.016	$0.995

(1) The sum of the quarterly net income per share, adjusted net income per share and cash flow per share may not equal the annual total due to timing of share issuances during the year.
(2) Refer to tables under heading Non-IFRS Financial Measures for details of the calculation of these amounts.
(3) The Company adopted IFRS11 on January 1, 2013 which resulted in the Company changing the accounting for its investment in Huckleberry Mines Ltd. from proportionate consolidation to the equity method. All comparative periods have been restated to reflect the impact of the adoption of IFRS11.

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

Variations in the quarterly results are impacted by four primary factors:

(a) Fluctuations in revenue are due to the timing of shipping schedules and quantities of copper and gold sold on each ship, production volumes at the mines, changes in the price of copper, gold and the CDN/US Dollar exchange rate.
(b) Fluctuations in net income are due to the revenue changes described above and realized and unrealized gains/losses on derivative instruments based on movements in the reference item hedged changes in production cost inputs and changes in tax rates.
(c) Remediation costs and related insurance recoveries for the August 4, 2014 Mount Polley tailings dam breach. While the primary impact of this item was in the September 2014 quarter, the recording of insurance recoveries and any revisions to the remediation provision will impact periods subsequent to September 30, 2014.
(d) Inclusion of Sterling mine operations in the September 2013 quarter upon restart of the mine.

The significantly lower net income in the September 2012 quarter was primarily due to lower quantities of copper and gold sold by the Company, inclusive of the Company's share of Huckleberry, during this quarter as shipment levels were lower than in the other quarters. The lower net income in the September 2013 quarter is primarily due to a $2.3 million adjustment for deferred income taxes during that period resulting from the British Columbia provincial income tax rate increasing from 10% to 11%. The higher net income in the September 2013 quarter is due primarily to lower operating expenses. The lower net income in the March 2014 quarter is primarily due to the loss resulting from the temporary suspension of the Huckleberry mill. The lower net income on the September 2014 quarter is primarily due to the Mount Polley tailings dam breach remediation costs.

RELATED PARTY TRANSACTIONS

CORPORATE

Related party transactions and balances with a significant shareholder, a company controlled by a significant shareholder, and a company in which a director is an owner and directors and officers are as follows:

[expressed in thousands of dollars]	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Cost of sales	$(3)	$ -	$32	$ -
Loan guarantee fee for guarantee of portion of bank loan facility	$ -	$119	$91	$353
Financing fees–cash	$ -	$275	$1,000	$650
Financing fees–warrants	$ -	$ -	$870	$ -
Interest	$2,002	$1,056	$6,180	$1,139
Accrued interest on Senior Unsecured Notes and Convertible Debentures	$358	$ -	$358	$ -
Junior Credit Facility	$40,000	$ -	$40,000	$ -
Senior Unsecured Notes (US$53,300)	$59,739	$ -	$59,739	$ -
Convertible Debentures	$40,000	$ -	$40,000	$ -
Line of Credit Facility	$ -	$105,000	$ -	$105,000
Trade and other payables (receivable)	$(4)	$ -	$(4)	$ -

The Company incurred the above transactions and balances in the normal course of operations. Expenses have been measured at the fair value which is determined on a cost recovery basis.

OTHER

As of November 14, 2014 the Company had 74,967,768 common shares outstanding, and on a diluted basis 77,207,718 common shares outstanding. Additional information about the Company, including in the Company's Annual Information Form, is available on SEDAR at *www.sedar.com.*

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this MD&A, the disclosure controls were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS AND PROCEDURES

The Company's management evaluated the design and operational effectiveness of its internal control over financial reporting as defined under National Instrument 52-109.

In its MD&A for the year ended December 31, 2013 the Company disclosed that management had limited the scope of the design of the Company's disclosure controls and procedures (DC&F) and internal controls over financial reporting (ICFR) to exclude controls, policies and procedures of Huckleberry Mines Ltd. (Huckleberry), an equity accounted for investment in which the Company holds a 50% interest. Management of the Company has changed its conclusions on the effectiveness of its DC&P and ICFR as at December 31, 2013 to include its equity accounted for investment, Huckleberry.

Management of the Company no longer limits the DC&F and ICFR related to Huckleberry due to a number of factors which include: management are on the board of directors of Huckleberry, management are members of Huckleberry's Strategic Committee, management attend regular meetings with Huckleberry management, accounting and operations staff, and management has access to detailed financial information for Huckleberry which it reviews for consistency with information obtained from the other sources to determine the quality of the disclosures by the Company related to Huckleberry. All of these processes and procedures were in place as at December 31, 2013.

These factors and others allow the CEO and CFO to form a view, based on their knowledge and having exercised reasonable diligence, to conclude that the information on Huckleberry contained in the 2013 financial statements of the Company allow them to make the certifications required in Form 52-109F1.

The evaluation of effectiveness of internal controls over financial reporting was completed using the framework and criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organization of the Treadway Commission (1992). Based on this evaluation management has concluded that as of September 30, 2014 the Company's internal control over financial reporting was effective.

There has been no change in the Company's design of these internal controls and procedures over financial reporting that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. In the opinion of management, none of these matters will have a material effect on the Company's consolidated financial position or financial performance. The Company has recorded a provision of $47.1 million for future remediation costs related to the Mount Polley mine tailings dam breach.

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the "Claim"). The Company has engaged independent legal counsel to advise it on this matter but believes it to be without merit and intends to vigorously defend the Claim. At this time the Company cannot predict the outcome of the Claim or determine the amount of any potential losses. Accordingly, no provision has been made as at September 30, 2014.

RISK FACTORS

The Company's business involves a high degree of risk. You should carefully consider the risks described in the Company's MD&A and those described in the audited Consolidated Financial Statements for the year ended December 31, 2013. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition, results of operations and cash flow would suffer. Many of these risks and uncertainties have been heightened by the Mount Polley tailings dam failure. The risks also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See "Forward-Looking Statements and Risks Notice".

OUTLOOK

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

OPERATIONS, EARNINGS AND CASH FLOW

With the cessation of production at Mount Polley as of August 4, 2014, base and precious metals production allocable to Imperial in 2014 from the Mount Polley, Huckleberry and Sterling mines is now anticipated to be 42.5 million pounds copper, 35,600 ounces gold and 162,200 ounces silver. With the delay in energization of the Red Chris mine, only minimal start up production is anticipated for the fourth quarter.

Derivative instruments for the balance of 2014 will protect the pricing for copper and gold settling in 2014. In addition Mount Polley has hedged 36,000 ounces of gold for 2015 which can be allocated to the production expected from the Red Chris mine. However, the quarterly revenues will fluctuate depending on copper and gold prices, the CDN Dollar/US Dollar exchange rate, and the timing of concentrate sales which is dependent on concentrate production and the availability and scheduling of transportation.

EXPLORATION

Exploration in 2014 will be limited in scope, and conducted at Huckleberry and Sterling. A minor exploration program will be conducted at Huckleberry, and work will focus on interpretation of information collected over the last two years. Drilling at Sterling will continue in the vicinity of the underground workings.

DEVELOPMENT

Mount Polley mining crews and others have been engaged in the initial response to the tailings dam breach which included securing the remaining tailings within the impoundment, collecting contact water, reducing the water level in Polley Lake, and cleaning up woody debris deposited in Quesnel Lake. A program of rehabilitation and restoration in the areas affected by the breach has now begun.

Geotechnical work is currently underway to determine the root cause of the tailings dam breach. The geotechnical work program includes mapping, geophysical surveys, drilling and test pitting, and is expected to be completed in mid-November. The expert review panel established by the Province of BC to investigate the root cause of the dam failure is to issue a report by January 31, 2015.

The Huckleberry mill continues to operate with the damaged SAG mill bull gear, rotating in the opposite direction. Monthly inspections are being performed to monitor the status of the damaged teeth on the bull gear. The replacement bull gear and two pinion gears for the SAG mill are on site and a ten day shutdown is planned in November for the installation of the new bull gear.

At the Red Chris mine, with the substation now online, commissioning of various sections of the 25kV site power systems has begun. The commissioning will begin with the crushing, pit and reclaim water systems, and then work through the grinding and flotation sections of the processing plant. The gyratory crusher, overland conveyors, reclaim apron feeders, reclaim conveyors, reagent building and associated E-houses have been pre-commissioned using generators.

A third party review of the Red Chris tailings dam was completed by the consultants reporting to representatives of the Tahltan Nation. The Tahltan Central Council and Imperial are working together to develop a work plan to implement the recommendations contained in the review. Imperial is also working with the representatives of the Tahltan Nation to finalize an Impacts & Benefits Agreement.

LIQUIDITY

In September 2014 the Company completed a $115.0 million unsecured convertible debenture financing which management estimates will provide sufficient liquidity to complete and commission the Red Chris mine and to fund the estimated costs to remediate the effects of the tailings dam breach at the Mount Polley mine. In November 2014 the Company completed construction and energization of the Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga. The Company expects to complete the previously agreed upon sale of the Iskut extension in the near term for proceeds of $52.0 million. However, there are inherent risks associated with the startup of a mine, and inherent uncertainties related to the scope of the rehabilitation and restoration.

ACQUISITIONS

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	Notes	September 30 2014	December 31 2013
ASSETS			
Current Assets			
Cash		$18,108	$3,095
Marketable securities		738	1,063
Trade and other receivables	3	14,128	16,807
Inventory	4	24,355	27,358
Derivative instrument assets	12	2,533	3,473
Prepaid expenses and deposits		954	2,204
		60,816	54,000
Derivative Instrument Assets	12	718	-
Investment in Huckleberry Mines Ltd.	5	94,065	92,132
Mineral Properties	6	1,146,364	824,823
Deferred Income Taxes		666	-
Other Assets	7	5,228	4,496
		$1,307,857	$975,451
LIABILITIES			
Current Liabilities			
Trade and other payables	8	$53,110	$66,511
Taxes payable		3,211	5,444
Short term debt	9	-	132,410
Derivative instrument liabilities	12	-	1,735
Provision for remediation costs	17	44,200	-
Current portion of non-current debt	10	11,882	10,373
Current portion of future site reclamation provisions	11	285	285
		112,688	216,758
Derivative Instrument Liabilities	12	1,276	-
Provision for remediation costs	17	2,900	-
Non-Current Debt	10	667,672	234,009
Future Site Reclamation Provisions	11	19,302	15,760
Deferred Income Taxes	18	88,097	90,760
		891,935	557,287
EQUITY			
Share Capital	13	123,850	120,408
Share Option Reserve	13	14,347	15,119
Warrant Reserve	13	870	-
Equity Component of Convertible Debentures	10	20,906	-
Currency Translation Adjustment		2,799	1,336
Retained Earnings		253,150	281,301
		415,922	418,164
		$1,307,857	$975,451
Commitments and Pledges	6, 26		
Contingent Liabilities	27		
Subsequent Event	28		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on November 14, 2014

"Larry G. Moeller" Director

"J. Brian Kynoch" Director

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Three and Nine Months Ended September 30, 2014 and 2013

Unaudited – Prepared by Management

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

	Notes	Third Quarter Three Months Ended September 30 2014	2013	Year to Date Nine Months Ended September 30 2014	2013
Revenue		$22,667	$51,668	$125,068	$143,851
Cost of Sales	14	(15,214)	(26,474)	(84,272)	(91,839)
Income from Mine Operations		7,453	25,194	40,796	52,012
General and Administration	15	(1,002)	(1,906)	(5,608)	(5,535)
Finance Costs	16	(9,954)	(94)	(6,012)	(472)
Idle Mine Costs		(1,812)	-	(1,812)	-
Remediation Costs	17	(67,435)	-	(67,435)	-
Other Income		(682)	(2)	(558)	48
Equity Income (Loss) in Huckleberry	5	1,851	(345)	1,933	3,868
Income (Loss) before Taxes		(71,581)	22,847	(38,696)	49,921
Income and Mining Tax Recovery (Expense)	18	22,360	(8,126)	10,545	(17,038)
Net (Loss) Income		(49,221)	14,721	(28,151)	32,883
Other Comprehensive Income					
Items that may be subsequently reclassified to profit or loss					
Currency translation adjustment		1,475	(693)	1,463	944
Total Comprehensive (Loss) Income		$(47,746)	$14,028	$(26,688)	$33,827
Income (Loss) Per Share					
Basic	19	$(0.66)	$0.20	$(0.38)	$0.44
Diluted	19	$(0.66)	$0.20	$(0.38)	$0.44
Weighted Average Number of Common Shares Outstanding					
Basic	19	74,960,808	74,495,004	74,915,778	74,413,893
Diluted	19	74,960,808	75,261,658	74,915,778	75,293,337

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2014 and 2013

Unaudited – Prepared by Management

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

	Share Capital					Equity		
	Number of Shares	Amount	Share Option Reserve	Warrant Reserve	Currency Translation Adjustment	Component of Convertible Debentures	Retained Earnings	Total
Balance December 31, 2012	74,319,750	$116,892	$14,547	$ -	$(837)	$ -	$240,347	$370,949
Issued on exercise of options	212,768	2,263	(783)	-	-	-	-	1,480
Share based compensation expense	-	-	1,399	-	-	-	-	1,399
Total comprehensive income	-	-	-	-	944	-	32,883	33,827
Balance September 30, 2013	74,532,518	$119,155	$15,163	$ -	$107	$ -	$273,230	$407,655
Balance December 31, 2013	74,676,018	$120,408	$15,119	$ -	$1,336	$ -	$281,301	$418,164
Issued on exercise of options	291,750	3,442	(1,392)	-	-		-	2,050
Warrants issued (Notes 13(c) and 22)	-	-	-	870	-	-	-	870
Convertible debentures issued (Note 10)(d)	-	-	-	-	-	20,906	-	20,906
Share based compensation expense	-	-	620	-	-	-	-	620
Total comprehensive (loss) income	-	-	-	-	1,463	-	(28,151)	(26,688)
Balance September 30, 2014	74,967,768	$123,850	$14,347	$870	$2,799	$20,906	$253,150	$415,922

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three and Nine Months Ended September 30, 2014 and 2013

Unaudited – Prepared by Management

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

	Notes	Third Quarter Three Months Ended September 30 2014	2013	Year to Date Nine Months Ended September 30 2014	2013
OPERATING ACTIVITIES					
Income (loss) before taxes		$(71,581)	$22,847	$(38,696)	$49,921
Items not affecting cash flows					
Equity (income) loss in Huckleberry		(1,851)	345	(1,933)	(3,868)
Depletion and depreciation		3,681	4,410	16,304	12,845
Share based compensation		173	409	620	1,399
Accretion of future site reclamation provisions		169	82	492	220
Unrealized foreign exchange (gains) losses		19,193	(688)	5,207	425
Unrealized losses (gains) on derivative instruments		(9,769)	1,423	(255)	(141)
Other		856	(189)	943	325
		(59,129)	28,639	(17,318)	61,126
Net change in non-cash operating working capital balances	20	62,062	(14,088)	45,241	10,999
Income and mining taxes paid		(3)	(796)	(3,475)	(3,256)
Income and mining taxes received		884	-	893	2,179
Interest paid		(15,387)	(3,148)	(21,942)	(5,556)
Cash provided by (used in) operating activities		(11,573)	10,607	3,399	65,492
FINANCING ACTIVITIES					
Proceeds of short term debt		-	68,588	174,576	396,057
Repayment of short term debt		-	(73,201)	(307,256)	(358,030)
Proceeds of non-current debt		168,575	100,439	792,837	120,439
Repayment of non-current debt		(42,875)	(11,555)	(336,173)	(13,055)
Issue of share capital		164	919	2,050	1,480
Other		3,769	-	2,900	-
Cash provided by financing activities		129,633	85,190	328,934	146,891
INVESTING ACTIVITIES					
Acquisition and development of mineral properties		(81,934)	(130,638)	(305,188)	(254,964)
Net change in non-cash investing working capital balances		(24,940)	34,061	(11,364)	45,246
Proceeds on sale of mineral properties		14	-	107	-
Increase in future site reclamation deposits		-	(29)	(3)	(120)
Other		(224)	(474)	(1,055)	(427)
Cash used in investing activities		(107,084)	(97,080)	(317,503)	(210,265)
EFFECT OF FOREIGN EXCHANGE ON CASH		165	(43)	183	25
INCREASE (DECREASE) IN CASH		11,141	(1,326)	15,013	2,143
CASH, BEGINNING OF PERIOD		6,967	6,269	3,095	2,800
CASH, END OF PERIOD		$18,108	$4,943	$18,108	$4,943

See accompanying notes to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

1. NATURE OF OPERATIONS AND LIQUIDITY

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 200–580 Hornby Street, Vancouver, BC, Canada V6C 3B6. The Company's shares are listed on the Toronto Stock Exchange (TSX) under the symbol III.

The Company's key properties are:

- development stage Red Chris copper/gold property in northwest British Columbia;
- open pit copper/gold Mount Polley mine in central British Columbia;
- open pit copper Huckleberry mine in northern British Columbia;
- underground gold Sterling mine in southwest Nevada.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course as they come due.

The August 4, 2014 tailings dam breach at the Mount Polley mine has resulted in the loss of production from the mine, the primary source of cash flow for the Company, for an indeterminate period of time (Note 17). During the quarter ended September 30, 2014 the Company incurred $20,335 for response and recovery costs, as well as initial rehabilitation and restoration costs. In addition, the Company also recorded a $47,100 provision for expected remediation and restoration costs to be incurred in the future, primarily within the next nine months. The total of these two amounts, or $67,435, was charged to expense in the quarter ended September 30, 2014 in respect of the tailings dam breach. Income and mining tax recoveries have also been recorded in connection with these costs The provision for remediation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

The Company is projecting an additional $12,000 in construction costs to complete the Red Chris mine and the Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga over the previously projected construction costs of $631,000.

In September 2014 the Company completed a $115,000 convertible debenture financing which management estimates will provide sufficient liquidity to complete and commission the Red Chris mine. This financing along with the projected cash flow from the Red Chris mine together with insurance proceeds is expected to fund the estimated remediation cost of the tailings dam breach at the Mount Polley mine. However, there are inherent risks associated with the startup of a mine, and inherent uncertainties related to the scope, timing and cost of the remediation and restoration.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2013, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board which are applicable from January 1, 2014.

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, 2013 prepared in accordance with IFRS.

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The significant accounting judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2013.

Changes in Accounting Standards

Levies Imposed by Governments

In May 2013, the IASB issued IFRIC 21 – *Levies* ("IFRIC 21"), an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The application of IFRIC 21 did not have a significant impact on the Company's condensed consolidated interim financial statements.

Changes in Accounting Standards Not Yet Effective

Financial Instruments

The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 – *Financial Instruments* ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its condensed consolidated interim financial statements.

Revenue Recognition

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). The standard replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets From Customers" and SIC 31 "Revenue–Barter Transactions Involving Advertising Services". IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of determining the impact of IFRS 15 on its condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

3. TRADE AND OTHER RECEIVABLES

	September 30 2014	December 31 2013
Trade receivables	$13,665	$16,563
Taxes receivable	463	244
	$14,128	$16,807

4. INVENTORY

	September 30 2014	December 31 2013
Stockpile ore	$3,411	$1,372
Stockpiles and ore under leach	4,100	6,342
Dore	1,553	-
Concentrate	2,769	7,675
Supplies	12,522	11,969
	$24,355	$27,358

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Inventory recognized as expense during the period	$11,419	$18,998	$61,387	$70,089
Impairment charges on stockpile ore and stockpiles, and ore under leach included in expense during the period	$1,603	$ -	$3,520	$ -

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD.

The Company has a 50% interest in Huckleberry Mines Ltd. ("Huckleberry") and has determined the joint arrangement qualifies as a joint venture which is accounted for using the equity method. The Huckleberry open pit copper/molybdenum mine is located 88 kilometres south-southwest of Houston in west central British Columbia. The Huckleberry property consists of two mining leases covering 2,422 hectares and 39 mineral claims encompassing approximately 17,358 hectares.

	September 30 2014	December 31 2013
Balance, beginning of period	$92,132	$83,799
Equity income for the period	1,933	8,333
Balance, end of period	$94,065	$92,132

Statement of Financial Position (1) stated 100% - Imperial's equity share is 50%	September 30 2014	December 31 2013
ASSETS		
Current Assets		
Cash	$41,879	$31,583
Short term investments	-	15,000
Other current assets	23,087	31,959
	64,966	78,542
Mineral Properties	176,408	163,486
Other Non-Current Assets	21,512	16,501
	$262,886	$258,529
LIABILITIES		
Current Liabilities		
Trade and other payables	$12,193	$15,267
Other current liabilities	10,187	12,427
	22,380	27,694
Future Site Reclamation Provisions	41,577	37,812
Other Non-Current Liabilities	10,799	8,758
	74,756	74,264
EQUITY		
Share Capital	57,596	57,596
Retained Earnings	130,534	126,669
	188,130	184,265
	$262,886	$258,529

(1) The Company's equity share of earnings of Huckleberry includes certain adjustments to ensure consistency of accounting policies with those of the Company. These adjustments are reflected in the above figures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2014 and 2013
Unaudited – Prepared by Management
expressed in thousands of Canadian dollars, except share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

Statement of Income (Loss) and Comprehensive Income (Loss) and Retained Earnings
[stated 100% - Imperial's equity share is 50%]

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Revenue	$37,210	$21,117	$84,611	$93,777
Cost of Sales	(31,387)	(12,984)	(75,815)	(76,491)
Income from Mine Operations	5,823	8,133	8,796	17,286
General and Administration	595	(1,470)	618	511
Finance Costs	(449)	(2,688)	(785)	(2,073)
Idle mine costs	-	-	(3,327)	-
Income before Taxes	5,969	3,975	5,302	15,724
Income and Mining Tax Expense	(2,269)	(4,666)	(1,437)	(7,989)
Net Income (Loss) and Comprehensive Income (Loss)	$3,700	$(691)	$3,865	$7,735

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
OPERATING ACTIVITIES				
Net income before taxes	$5,969	$3,975	$5,302	$15,724
Items not affecting cash flows				
Depletion and depreciation	7,328	1,979	16,308	13,988
Unrealized foreign exchange (income) loss	269	(251)	267	(57)
Unrealized gains on derivative instruments	-	2,324	43	128
Other	335	(182)	749	300
	13,901	7,845	22,669	30,083
Net change in non-cash operating working capital balances	1,990	(11,786)	5,319	6,101
Income and mining taxes paid	(150)	(378)	(650)	(1,150)
Income and mining taxes received	-	666	-	3,269
Cash provided by (used in) operating activities	$15,741	$(3,653)	27,338	38,303
INVESTING ACTIVITIES				
Acquisition and development of mineral properties	(9,721)	(20,293)	(26,764)	(60,839)
Short term investments redeemed	15,000	35,000	15,000	35,000
Net change in non-cash financing working capital balances	-	(8,960)	-	(5,656)
Other	(1,597)	798	(5,011)	962
Cash provided by (used in) investing activities	3,682	6,545	(16,775)	(30,533)
EFFECT OF FOREIGN EXCHANGE ON CASH	(269)	251	(267)	57
INCREASE IN CASH	19,154	3,143	10,296	7,827
CASH, BEGINNING OF PERIOD	22,725	23,812	31,583	19,128
CASH, END OF PERIOD	$41,879	$26,955	$41,879	$26,955

expressed in thousands of Canadian dollars, except share amounts

5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

(a) Mineral Properties

	Cost	Accumulated Depletion, Depreciation and Impairment Losses	Net Carrying Amount
Balance December 31, 2012	$418,462	$306,298	$112,164
Additions	75,562	-	75,562
Depletion & Depreciation	-	24,240	(24,240)
Disposals	(866)	(866)	-
Balance December 31, 2013	493,158	329,672	163,486
Additions	32,652	-	32,652
Depletion & Depreciation	-	19,730	(19,730)
Balance September 30, 2014	$525,810	$349,402	$176,408

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

(b) Derivative Instruments

Huckleberry had no option contracts outstanding at September 30, 2014.

Security deposits required to be paid by Huckleberry to counterparties are calculated based on the fair value of the derivative instrument on each trading date, net of the credit facility provided by the counterparties. At September 30, 2014, security deposits totaled $nil (December 31, 2013-$nil).

(c) Pledged Assets

At September 30, 2014, Huckleberry had pledged cash deposits of $12,165 (December 31, 2013-$12,165) and certain mining equipment with a net book value of $9,150 (December 31, 2013-$10,843) as security for future site reclamation obligations.

(d) Future Site Reclamation Provisions

Changes to the future site reclamation provisions are as follows:

	Nine Months Ended September 30 2014	Year Ended December 31 2013
Balance, beginning of period	$39,022	$45,260
Accretion	1,229	1,525
Costs incurred during the period	(482)	(1,038)
Change in estimates of future costs	2,718	(6,725)
Balance, end of period	42,487	39,022
Less portion due within one year	(910)	(1,210)
	$41,577	$37,812

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5. INVESTMENT IN HUCKLEBERRY MINES LTD. (continued)

(e) Reclamation Bonding Obligations

Huckleberry is obligated to increase its reclamation bond funding as follows:

2014	$18,000
2015	6,000
2016	5,000
	$29,000

(f) Commitments

As at September 30, 2014 Huckleberry is committed to future minimum operating lease payments as follows:

2014	$32
2015	90
2016	77
2017	7
2018	-
	$206

As at September 30, 2014, Huckleberry had contractual commitments to purchase plant and equipment at a cost of $2,346.

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6. MINERAL PROPERTIES

Cost	Mineral Properties being depleted	Mineral Properties not being depleted: Projects not in Production	Mineral Properties not being depleted: Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total
Balance as at December 31, 2012	$138,274	$138,768	$40,351	$218,958	$113,353	$649,704
Additions	33,596	11,007	1,091	60,527	295,599	401,820
Reclassifications	33,270	(9,533)	(23,737)	-	-	-
Disposals	-	(38)	(7)	(3,015)	-	(3,060)
Foreign exchange movement	458	-	1,426	430	-	2,314
Balance as at December 31, 2013	205,598	140,204	19,124	276,900	408,952	1,050,778
Additions	29,207	33,825	880	17,286	256,391	337,589
Reclassifications	246	(246)	-	-	-	-
Disposals	-	-	(1)	(1,361)	-	(1,362)
Foreign exchange movement	84	1,081	-	685	-	1,850
Balance as at September 30, 2014	$235,135	$174,864	$20,003	$293,510	$665,343	$1,388,855

Accumulated depletion & depreciation & impairment losses	Mineral Properties being depleted	Mineral Properties not being depleted: Projects not in Production	Mineral Properties not being depleted: Exploration & Evaluation Assets	Plant and Equipment	Construction in Progress	Total
Balance as at December 31, 2012	$86,092	$ -	$1,645	$119,563	$ -	$207,300
Depletion & depreciation	8,248	-	-	12,846	-	21,094
Disposals	-	-	-	(3,012)	-	(3,012)
Foreign exchange movement	447	-	-	126	-	573
Balance as at December 31, 2013	94,787	-	1,645	129,523	-	225,955
Depletion & depreciation	3,579	-	-	12,911	-	16,490
Disposals	-	-	-	(639)	-	(639)
Foreign exchange movement	28	-	-	657	-	685
Balance as at September 30, 2014	$98,394	$ -	$1,645	$142,452	$ -	$242,491
Carrying Amount						
Balance as at December 31, 2012	$52,182	$138,768	$38,706	$99,395	$113,353	$442,404
Balance as at December 31, 2013	$110,811	$140,204	$17,479	$147,377	$408,952	$824,823
Balance as at September 30, 2014	$136,741	$174,864	$18,358	$151,058	$665,343	$1,146,364

At September 30, 2014 the Company had contractual commitments totaling $10,538 (December 31, 2013-$81,624) for the acquisition of property, plant and equipment (Note 26(c)). At September 30, 2014 mineral property assets with a carrying value of $1,370 (December 31, 2013-$1,370) are legally restricted for the purposes of settling future site reclamation provisions (Note 26 (b)). During the three and nine months ended September 30, 2014 the Company capitalized borrowing costs of $11,129 and $26,542 respectively (September 30, 2013-$3,144 and $5,534 respectively), related to the Red Chris project into construction in progress at a weighted average borrowing rate of 6.85% (September 30, 2013-3.06%).

Mount Polley

The Company owns 100% (Note 17) of the Mount Polley open pit copper/gold mine located 56 kilometres northeast of Williams Lake in central British Columbia. The Mount Polley property covers 18,794 hectares, which consists of seven mining leases totalling 2,007 hectares, and 43 mineral claims encompassing 16,787 hectares.

Huckleberry

The Company owns 50% (Note 5) of the Huckleberry open pit copper mine located 88 kilometres south-southwest of Houston in west central British Columbia. The Huckleberry property covers 19,780 hectares, which consists of two mining leases covering 2,422 hectares and 39 mineral claims encompassing approximately 17,358 hectares.

Red Chris

The Company owns 100% of the Red Chris copper/gold deposit situated 18 kilometres southeast of the village of Iskut in northwest British Columbia.

The Red Chris property covers a total area of 29,482 hectares and is comprised of five 30 year mining leases covering 5,141 hectares and 83 mineral claims encompassing 24,341 hectares. The Red Chris project was issued a Mines Act permit in May 2012 by the Province of British Columbia. The commissioning of the Red Chris project has begun with completion of the power lines (Note 28). Net smelter royalties of 1.0% is payable on production from all or portions of the 23 core mineral tenures.

Sterling

The Company owns 100% of the Sterling gold mine near Beatty, Nevada. The Sterling mine operated as both an underground and open pit mine from 1980 to suspension of mining operations in 1997. Certain parts of the Sterling property have been reclaimed. The main Sterling property consists of 272 lode mining claims plus one water well site covering 2,274 hectares Net smelter royalties of 2.25% are payable on production with minimum advance royalties on a small portion of these claims.

Ruddock Creek

The Ruddock Creek Joint Venture (Note 21) is owned by Imperial (50%), Mitsui Mining and Smelting Co. Ltd. (30%) and Itochu Corporation (20%) ("Itochu/Mitsui"). The Ruddock Creek zinc/lead property is located 155 kilometres northeast of Kamloops in the Scrip Range of the Monashee Mountains in southeast British Columbia, and consists of 42 mineral claims totalling 21,156 hectares. Net smelter royalties of 1% is payable on production from the three main claims and 1.5% payable on production from the 16 Irony claims.

Other Exploration Properties

The Company has interests in various other early stage exploration properties located primarily in Canada. These properties have been acquired primarily by staking and the cost to maintain ownership of these properties is not significant.

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7. OTHER ASSETS

	September 30 2014	December 31 2013
Future site reclamation deposits	$3,237	$3,077
Other	1,991	1,419
	$5,228	$4,496

8. TRADE AND OTHER PAYABLES

	September 30 2014	December 31 2013
Trade payables	$28,139	$38,930
Accrued liabilities	24,971	27,581
	$53,110	$66,511

9. SHORT TERM DEBT

Amounts due for short term debt facilities are:	September 30 2014	December 31 2013
Bank loan facilities aggregating $nil (December 31, 2013 -$150,000) secured by trade and other receivables, inventory, shares of certain subsidiaries and a floating charge on certain assets of the Company. The loan amount in excess of $75,000 was guaranteed by a related party (Note 22). A portion of the facility was utilized for letters of credit pledged for settlement of future site reclamation provisions. The facility was due on demand and was repaid and cancelled in March 2014.		
(i) Bankers Acceptances with a maturity value of $nil (December 31, 2013-$120,000)	$ -	$119,980
(ii) Cheques issued in excess of funds on deposit to be funded from the loan facility	-	12,430
	$ -	$132,410

The movement of the amounts due for short term debt are:	Nine Months Ended September 30 2014	Year Ended December 31 2013
Balance, beginning of period	$132,410	$92,403
Amounts advanced	174,576	488,870
Amounts repaid	(307,256)	(449,347)
Foreign exchange losses	270	484
Balance, end of period	$ -	$132,410

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10. NON-CURRENT DEBT

Amounts due for non-current debt are:		September 30 2014	December 31 2013
Senior secured revolving credit facility, net of issue costs	(a)	$148,182	$ -
Senior unsecured notes, net of issue costs	(b)	355,929	-
Junior credit facility, net of issue costs (Note 13(c))	(c)	39,451	-
Convertible debentures	(d)	86,629	
Line of credit facility	(e)	-	195,000
Equipment loans	(f)	49,363	49,382
		679,554	244,382
Less portion due within one year		(11,882)	(10,373)
		$667,672	$234,009

The movement of the amounts due for non-current debt are:	Nine Months Ended September 30 2014	Year Ended December 31 2013
Balance, beginning of period	$244,382	$8,341
Amounts advanced, net of issue costs including warrants (Note 13(c)) but excluding equity component of convertible debentures	763,715	249,375
Foreign exchange loss	4,849	1,929
Accretion of debt issue costs	2,781	-
Amounts repaid	(336,173)	(15,263)
Balance, end of period	679,554	244,382
Less portion due within one year	(11,882)	(10,373)
	$667,672	$234,009

(a) Senior Credit Facility

Senior secured revolving credit facility from a syndicate of banks aggregating $200,000 (December 31, 2013-$nil) due on October 1, 2016. The facility is secured by trade and other receivables, inventory, shares of all material subsidiaries and a floating charge on certain assets of the Company. A portion of the facility ($25,758) has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 26(b)).

	September 30 2014	December 31 2013
(i) Principal	$149,881	$ -
(ii) Unamortized financing costs	(1,699)	-
	$148,182	$ -

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(b) Senior Unsecured Notes

Senior unsecured notes (the "Notes") due March 15, 2019 aggregating US$325,000 with interest at 7% per annum payable on March 15 and September 15 of each year commencing September 15, 2014. The Notes, net of transaction costs, are accounted for at amortized cost using the effective interest method.

The notes are guaranteed by all the material subsidiaries of the Company. The Company may redeem some or all of the Notes at any time on or after March 15, 2017 at redemption prices ranging from 103.5% to 100% plus accrued interest and prior to that date at 100% plus a make-whole premium plus accrued interest. Prior to March 15, 2017 the Company may also redeem up to 35% of the principal amount of the Notes up to the net proceeds of certain equity offerings at a redemption price of 107% plus accrued interest.

The indenture governing the Notes places certain transaction-based restrictions on the Company's ability to incur additional indebtedness; prepay, redeem or repurchase certain debt; pay dividends or make other distributions or repurchase or redeem shares; make loans and investments; sell assets; incur liens; enter into transactions with affiliates; consolidate, merge or sell all or substantially all of the Company's assets, in each case subject to certain exceptions.

	September 30 2014	December 31 2013
(i) Principal	$364,260	$ -
(ii) Unamortized financing costs	(8,331)	-
	$355,929	$ -

(c) Junior Credit Facility

Junior credit facility from a related party aggregating $75,000 (December 31, 2013-$nil) unsecured with interest payable quarterly at 10% per annum. The facility is available for drawdown until the earlier of the date the Company meets the completion test specified in the senior credit facility or June 1, 2015. The facility is due on March 15, 2019 however the facility must be repaid upon (i) receipt of proceeds from specific sources as described in the agreement, (ii) the debt ratio in the senior credit facility permitting repayment of the debt. In connection with this facility, the Company issued 750,000 warrants (Notes 13(c) and 22).

	September 30 2014	December 31 2013
(i) Principal	$40,000	$ -
(ii) Unamortized financing costs	(549)	-
	$39,451	$ -

(d) Convertible Debentures

On September 3, 2014 the Company issued senior unsecured convertible debentures with a face value of $115,000 that mature on September 4, 2020, $40,000 of which was issued to a significant shareholder (Note 22). The net proceeds after deduction of issue expenses of $436 totalled $114,564. The debentures bear interest at 6% per year with interest payable semi-annually on June 30 and December 31 with the first payment due on June 30, 2015. The face value of the convertible debentures are convertible into common shares of the Company at the option of the holder upon at least 61 days advance notice at any time prior to maturity at a conversion price of $12.00 per common share. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 125% of the conversion price for at least 30 consecutive days. At the option of the Company, subject to the separate approval of the TSX and compliance with all applicable securities laws, such interest may be paid through the issuance of additional convertible debentures or Imperial's common shares.

The convertible debentures are compound financial instruments, consisting of the debt instrument and the equity conversion feature. The fair value of the debt component was valued at amortized cost using the effective interest method at a discount rate of 12% and is recorded in non-current debt. The fair value of the equity component was calculated as the residual balance and is recorded within equity.

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At the date of issue on September 3, 2014, the components of the convertible debentures were:

Debt component, net of financing costs	$86,313
Equity component, net of financing costs, net of deferred income taxes of $7,345	$20,906

Transaction costs were netted against the debt instrument and equity component based on the pro-rata allocation of the fair value of each instrument at initial recognition.

	September 30 2014	December 31 2013
Debt component, net of financing costs, at inception	$86,313	$ -
Accretion in the period	316	-
Debt component, balance	$86,629	$ -

(e) Line of Credit Facility

Line of credit facility from a related party (Note 22) aggregating $nil (December 31, 2013- $200,000) unsecured and due on January 1, 2015 with interest payable monthly at 7% per annum. This facility was repaid and cancelled in March 2014.

	September 30 2014	December 31 2013
Principal	$ -	$195,000

(f) Equipment Loans

During the three months ended June 30, 2014 the Company financed certain mobile mining equipment at the Mount Polley mine with a $5,587 term loan repayable over five years at a fixed interest rate of 2.90% with monthly payments, inclusive of interest, of $60 until July 2015, $100 thereafter until a final payment of $559 in August 2019, secured by the financed equipment.

	September 30 2014	December 31 2013
Principal	$49,363	$49,382

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11. FUTURE SITE RECLAMATION PROVISIONS

The Company has recognized provisions for future site reclamation at its Mount Polley, Red Chris, Sterling, and Ruddock Creek 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 as follows:

	Nine Months Ended September 30 2014	Year Ended December 31 2013
Balance, beginning of period	$16,045	$12,397
Accretion (Note 16)	492	307
Costs incurred during the period	-	(200)
Change in estimates of future costs and effect of translation of foreign currencies	3,050	3,541
Balance, end of period	19,587	16,045
Less portion due within one year	(285)	(285)
	$19,302	$15,760

The total undiscounted amount of estimated future cash flows required to settle the obligations is $23,169 (December 31, 2013-$20,425). The estimated future cash flows were then adjusted using a 2% (December 31, 2013-2.0%) rate of inflation. The estimated future cash flows have been discounted using a rate of 3.73% (December 31, 2013-4.20%).

The obligations are expected to be settled primarily in the years 2014 through 2041.

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 26(b) and (d) for assets pledged and legally restricted for the purposes of settling future site reclamation provisions and obligation to increase reclamation bond funding.

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12. DERIVATIVE INSTRUMENTS

From time to time, the Company purchases put options, sells call options and enters into forward sales contracts to manage its exposure to changes in copper and gold prices and the CDN/US Dollar exchange rate. There is no master netting agreement which allows for the Company to offset gains and losses from the various contracts.

The Company's derivative instrument contracts for copper and gold are settled on a financial basis. No physical sale or transfer of copper or gold will take place pursuant to the contracts.

At September 30, 2014, the Company had entered into various contracts to protect the cash flow from Mount Polley against a decline in the price of copper and gold and to lock in the CDN/US Dollar exchange and interest rate on a portion of the Notes (Note 10). The Company has not applied for hedge accounting and therefore the Company accounts for these contracts as derivative instruments and records changes in the unrealized gains or losses on these contracts through profit and loss each period and records the fair value of these derivative instruments as an asset or liability at each reporting date. The fair value of these financial instruments has been recorded as either an asset or a liability as of September 30, 2014 depending on the attributes of the contracts.

Commodity Derivatives

Option contracts outstanding at September 30, 2014 for copper are as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
	US$/lb	*US$/lb*	*lbs of copper*	*lbs of copper*
Contract Period				
2014	$2.90	$3.55	3,803,000	3,803,000

Option contracts outstanding at September 30, 2014 for gold are as follows:

	Weighted Average			
	Minimum Price	Maximum Price	Put Options Purchased	Call Options Sold
	US$/oz	*US$/oz*	*ounces of gold*	*ounces of gold*
Contract Period				
2014	$1,236	$1,377	6,300	6,300
2015	$1,250	$1,415	36,000	36,000

The Company will receive/pay the counterparties the difference between the monthly average cash settlement price of copper and gold on the London Metals Exchange and the copper and gold price specified in the put/call option contract. At September 30, 3014 the fair value of commodity derivatives was an asset of $3,251 (December 31, 2013 - $1,738).

Currency Derivatives

On March 12, 2014, concurrent with the issuance of the Notes, the Company entered into US Dollar fixed to CDN Dollar fixed cross currency swaps aggregating US$110,000 in principal amount to lock in the foreign exchange rate on a portion of the US$325,000 Notes and related interest payments (Note 10). These cash flow hedges provide the Company with a fixed US Dollar to CDN Dollar exchange rate and a fixed interest rate on the US$110,000 swapped to $122,232 principal amount of the Notes. The foreign exchange rate on the US$110,000 swapped principal plus related interest payments over the five year term of the Notes is fixed at 1.1112 CDN for each US Dollar. The interest rate on the CDN Dollar obligations is fixed at 7.6% per annum over the term of the Notes. At September 30, 2014 the fair value of the cross currency swap was a liability of $1,276.

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13. SHARE CAPITAL

(a) Share Capital

Authorized

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

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

Unlimited number of Common Shares without par value

(b) Share Option Plans

The changes in share options were as follows:

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of period	2,582,700	$8.28	3,014,968	$8.13
Exercised	(291,750)	$7.03	(356,268)	$6.76
Forfeited	(51,000)	$11.55	(76,000)	$9.38
Outstanding at end of period	2,239,950	$8.37	2,582,700	$8.28
Options exercisable at end of period	1,735,950	$7.45	1,962,700	$7.44

The following table summarizes information about the Company's share options outstanding at September 30, 2014:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding and Exercisable	Remaining Contractual Life in Years
$4.41	861,900	4.25	861,900	4.25
$5.93	172,000	5.25	172,000	5.25
$11.55	1,206,050	6.04	702,050	6.04
	2,239,950	5.29	1,735,950	5.07

For share options exercised during the three months and nine months ended September 30, 2014, the weighted average share price at the date of exercise was $13.54 and $16.83, respectively (September 30, 2013-$10.93 and $11.92, respectively).

Refer to Notes 13(b) and (c) of the audited consolidated financial statements for the year ended December 31, 2013 for further details of the Company's Share Options Plans and Normal Course Issuer Bid (the "Bid").

On October 16, 2014 the TSX has accepted the Company's Notice of Intention to make a Bid to be transacted through the facilities of the TSX or alternative Canadian market places. Pursuant to the Bid, the Company may purchase up to 2,024,130 common shares, which represents 2.7% of the total 74,967,768 common shares of the Company issued and outstanding as of October 3, 2014. Purchases will be made, at the discretion of the Company at prevailing market prices, commencing October 20, 2014 and ending no later than October 19, 2015. Pursuant to TSX policies, daily purchases made by the Company will not exceed 27,484 common shares or 25% of the Company's average daily trading volume of 109,939 common shares on the TSX, subject to certain prescribed exceptions. The shares acquired under the Bid will either be cancelled or used to satisfy the Company's obligations under its Non-Management Directors' Plan and Share Purchase Plan. The funding for any purchase pursuant to the Bid will be financed out of the working capital of the Company.

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(c) Warrants

In connection with the junior credit facility (Note 10(c)) the Company issued 750,000 warrants on March 12, 2014 to a related party at an ascribed value of $870. Each warrant is exercisable at $20 and entitles the holder to purchase one common share of the Company. The warrants expire on March 12, 2016. At September 30, 2014 all 750,000 warrants remained outstanding.

14. COST OF SALES

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Operating expenses	$8,212	$14,336	$46,800	$52,827
Salaries, wages and benefits	4,664	7,725	22,806	26,146
Depletion and depreciation	2,325	4,385	14,619	12,763
Share based compensation	13	28	47	103
	$15,214	$26,474	$84,272	$91,839

15. GENERAL AND ADMINISTRATION COSTS

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Administration	$801	$1,273	$3,395	$4,062
Share based compensation	160	381	573	1,296
Depreciation	151	25	480	82
Foreign exchange loss (gain)	(110)	227	1,160	95
	$1,002	$1,906	$5,608	$5,535

16. FINANCE (COSTS) INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Accretion of future site reclamation provisions	$(169)	$(82)	$(492)	$(220)
Other interest expense	-	(6)	-	(35)
Financing fees	-	375	-	-
Foreign exchange loss on current debt	-	45	(270)	(181)
Foreign exchange gain (loss) on non-current debt	(19,018)	582	(4,849)	(281)
Fair value adjustment to marketable securities	(172)	194	(325)	(343)
Realized (loss) gains on derivative instruments	(398)	-	(385)	-
Unrealized (losses) gains on derivative instruments	9,769	(1,423)	255	141
	(9,988)	(315)	(6,066)	(919)
Interest income	34	221	54	447
Finance (costs) income	$(9,954)	$(94)	$(6,012)	$(472)

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17. PROVISION FOR REMEDIATION COSTS

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, BC was breached. There were no injuries as a result of this incident. The Company promptly commenced response and recovery activities followed by rehabilitation and restoration activities, and these activities are ongoing. A total of $67,435 was charged to expense in the quarter ended September 30, 2014 in respect of the tailings dam breach. Insurance recoveries will be recorded when received. To November 14, 2014 the Company had not received any insurance recoveries.

As part of the $67,435 charge to expense, during the quarter ending September 30, 2014 the Company incurred $20,335 of response and recovery costs, as well as initial rehabilitation and restoration costs comprised of construction of a rock berm for tailings security, Polley Lake water level reduction and Quesnel Lake wood recovery as well as environmental monitoring, community relations, communications and related corporate support costs.

In addition, at September 30, 2014, as part of the $67,435 charged to expense, the Company also recorded a $47,100 provision for rehabilitation and restoration costs to be incurred in the future, primarily within the next nine months. The provision also includes costs for geotechnical investigations, environmental monitoring, community relations, communications and related corporate support costs.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Remediation costs incurred	$19,130	$ -	$19,130	$ -
Depreciation	1,205	-	1,205	-
	20,335	-	20,335	-
Provision for future remediation costs	47,100	-	47,100	-
	$67,435	$ -	$67,435	$ -

At September 30, 2014 the carrying value of the Company's investment in the Mount Polley mine was $233,461. The Company has concluded that the tailings dam breach was a possible indicator of impairment and performed an impairment assessment of the Mount Polley mine. This assessment included the review of all factors relating to future operations at the Mount Polley mine as they presently exist and concluded that the estimated recoverable amount of the Mount Polley mine is greater than the $233,461 carrying value. This analysis assumed the restart of profitable operations utilizing long term commodity prices and exchange rate assumptions after incorporating the impact of the tailings dam breach on future costs and operations. There can be no assurances, however, that these assumptions will be correct.

18. INCOME AND MINING TAXES (RECOVERY)

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Current income and mining taxes (recovery)	$(541)	$1,169	$130	$3,093
Deferred income and mining taxes (recovery)	(21,819)	6,957	(10,675)	13,945
	$(22,360)	$8,126	$(10,545)	$17,038

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19. INCOME (LOSS) PER SHARE

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Net Income (Loss)	$(49,221)	$14,721	$(28,151)	$32,883
Basic weighted-average number of common shares outstanding	74,960,808	74,495,004	74,915,778	74,413,893
Effect of dilutive securities - stock options	-	766,654	-	879,444
Diluted weighted-average number of common shares outstanding	74,960,808	75,261,658	74,915,778	75,293,337
Basic net income (loss) per common share	$(0.66)	$0.20	$(0.38)	$0.44
Diluted net income (loss) per common share	$(0.66)	$0.20	$(0.38)	$0.44

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Stock options	2,239,950	1,352,000	2,239,950	-
Warrants	750,000	-	750,000	-
Convertible debentures	9,583,333	-	9,583,333	-

20. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Trade and other receivables	$27,595	$(2,443)	$2,897	$13,289
Inventory	320	(5,080)	733	(810)
Derivative instrument assets	(644)	-	(718)	-
Prepaid expenses and deposits	634	86	1,250	983
Trade and other payables	(10,666)	(6,651)	(3,856)	(2,463)
Derivative instrument liabilities	623	-	735	-
Provision for remediation costs	44,200	-	44,200	-
	$62,062	$(14,088)	$45,241	$10,999

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

During the three and nine months ended September 30, 2014 the Company issued nil and 750,000 warrants, respectively, for financing costs (Notes 10(c) and 22) at an ascribed value of $870.

During the three and nine months ended September 30, 2013 the Company purchased certain property, plant and equipment at a cost of $4,108 and $19,270 respectively, which was financed by long term debt.

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21. JOINT OPERATIONS

Included in the condensed consolidated interim financial statements are the following amounts representing the Company's interests in joint operations consisting primarily of a 50% interest in the Ruddock Creek Joint Venture (Note 6) and a 35% interest in the Porcher Island Joint Venture:

Statements of Financial Position	Nine Months Ended September 30	
	2014	2013
Current Assets		
Cash	$195	$90
Other current assets	21	12
	216	102
Mineral properties	13,231	12,374
Other non-current assets	48	45
	13,495	12,521
Current Liabilities		
Trade and other payables	(170)	(279)
Non-current future site reclamation provisions	(222)	(305)
	$13,103	$11,937

Statements of Cash Flows	Nine Months Ended September 30	
	2014	2013
Cash provided by financing activities	$500	$667
Cash used in investing activities	(744)	(622)
(Decrease) increase in cash	$(244)	$45

There have been no operations since inception of the Ruddock Creek Joint Venture and the Porcher Island Joint Venture as the joint operations are currently in the exploration stage.

22. RELATED PARTY TRANSACTIONS

Related party transactions and balances with a significant shareholder, a company controlled by a significant shareholder, and a company in which a director is an owner and directors and officers are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Cost of sales	$(3)	$ -	$32	$ -
Loan guarantee fee for guarantee of portion of bank loan facility (Note 9)	$ -	$119	$91	$353
Financing fees–cash	$ -	$275	$1,000	$650
Financing fees–warrants (Notes 10(c) and 13(c))	$ -	$ -	$870	$ -
Interest	$2,002	$1,056	$6,180	$1,139
Accrued interest on Senior Unsecured Notes and Convertible Debentures	$358	$ -	$358	$ -
Junior Credit Facility (Note 10(c))	$40,000	$ -	$40,000	$ -
Senior Unsecured Notes (US$53,300)	$59,739	$ -	$59,739	$ -
Convertible Debentures	$40,000	$ -	$40,000	$ -
Line of Credit Facility (Note 10(e))	$ -	$105,000	$ -	$105,000
Trade and other payables (receivable)	$(4)	$ -	$(4)	$ -

The Company incurred the above transactions and balances in the normal course of operations. Expenses have been measured at the fair value which is determined on a cost recovery basis.

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23. COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The remuneration of the Company's directors and other key management personnel during the nine months ended September 30, 2014 and 2013 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Short term benefits(1)	$354	$321	$1,068	$979
Share based payments(2)	$ -	$ -	$ -	$ -

(1) Short term employee benefits include salaries, estimated bonuses payable within six months of the Statement of Financial Position date and other annual employee benefits. Directors and other key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the nine months ended September 30, 2014 and 2013.

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

24. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. Except for assets, comprised primarily of the Sterling mine, totaling $33,154 as at September 30, 2014 (December 31, 2013-$33,470) located in the United States, all of its assets are located in Canada. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker. The Company has five reportable segments each including related exploration and development activities; Mount Polley, Huckleberry, Red Chris, Sterling and Corporate. Transactions between reportable segments are recorded at fair value.

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The Company's reportable segments are summarized in the following table:

	Three Months Ended September 30, 2014					
	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$20,435	$ -	$2,068	$ -	$422	$22,925
Less inter-segment revenues	-	-	-	-	(258)	(258)
Revenues from external sources	$20,435	$ -	$2,068	$ -	$164	$22,667
Depletion and Depreciation	$3,000	$ -	$419	$ -	$262	$3,681
Finance Income (Costs)	$2,075	$ -	$(17)	$(11,849)	$(163)	$(9,954)
Equity Income in Huckleberry	-	$1,851	$ -	$ -	$ -	$1,851
Net (Loss) Income	$(36,596)	$1,851	$(1,480)	$(11,608)	$(1,388)	$(49,221)
Capital Expenditures	$4,991	$ -	$174	$87,442	$456	$93,063
Equity Investment	$ -	$94,065	$ -	$ -	$ -	$94,065
Total Assets	$265,112	$94,065	$33,154	$880,881	$34,645	$1,307,857
Total Liabilities	$165,492	$ -	$3,003	$705,256	$18,184	$891,935

	Three Months Ended September 30, 2013					
	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$48,299	$ -	$3,081	$ -	$551	$51,931
Less inter-segment revenues	-	-	(28)	-	(235)	(263)
Revenues from external sources	$48,299	$ -	$3,053	$ -	$316	$51,668
Depletion and Depreciation	$3,549	$ -	$725	$ -	$136	$4,410
Finance (Costs) Income	$(827)	$ -	$(16)	$191	$558	$(94)
Equity Loss in Huckleberry	$ -	$(345)	$ -	$ -	$ -	$(345)
Net Income (Loss)	$16,205	$(345)	$(72)	$228	$(1,295)	$14,721
Capital Expenditures	$16,259	$ -	$(768)	$121,990	$409	$137,890
Equity Investment	$ -	$87,667	$ -	$ -	$ -	$87,667
Total Assets	$224,855	$87,667	$32,825	$490,255	$24,360	$859,962
Total Liabilities	$213,993	$ -	$3,412	$85,815	$149,087	$452,307

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	Nine Months Ended September 30, 2014					
	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$119,451	$ -	$5,138	$ -	$1,199	$125,788
Less inter-segment revenues	-	-	-	-	(720)	(720)
Revenues from external sources	$119,451	$ -	$5,138	$ -	$479	$125,068
Depletion and Depreciation	$12,781	$ -	$2,707	$ -	$816	$16,304
Finance (Costs)	$(29)	$ -	$(51)	$(5,620)	$(312)	$(6,012)
Equity Income in Huckleberry	$ -	$1,933	$ -	$ -	$ -	$1,933
Net (Loss) Income	$(14,642)	$1,933	$(3,440)	$(5,333)	$(6,669)	$(28,151)
Capital Expenditures	$46,899	$ -	$223	$283,746	$862	$331,730
Equity Investment	$ -	$94,065	$ -	$ -	$ -	$94,065
Total Assets	$265,112	$94,065	$33,154	$880,881	$34,645	$1,307,857
Total Liabilities	$165,492	$ -	$3,003	$705,256	$18,184	$891,935

	Nine Months Ended September 30, 2013					
	Mount Polley	Huckleberry	Sterling	Red Chris	Corporate	Total
Reportable segmented revenues	$139,923	$ -	$3,143	$ -	$1,598	$144,664
Less inter-segment revenues	-	-	(90)	-	(723)	(813)
Revenues from external sources	$139,923	$ -	$3,053	$ -	$875	$143,851
Depletion and Depreciation	$11,714	$ -	$725	$ -	$406	$12,845
Finance Income (Costs)	$17	$ -	$(47)	$(86)	$(356)	$(472)
Equity Income in Huckleberry	$ -	$3,868	$ -	$ -	$ -	$3,868
Net Income (Loss)	$36,080	$3,868	$(82)	$(771)	$(6,212)	$32,883
Capital Expenditures	$56,910	$ -	$(1,219)	$223,410	$667	$279,768
Equity Investment	$ -	$87,667	$ -	$ -	$ -	$87,667
Total Assets	$224,855	$87,667	$32,825	$490,255	$24,360	$859,962
Total Liabilities	$213,993	$ -	$3,412	$85,815	$149,087	$452,307

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Revenue by geographic area				
Japan	$21,383	$48,338	$94,019	$92,459
United States	1,120	2,974	30,538	50,476
Canada	164	356	511	916
	$22,667	$51,668	$125,068	$143,851

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

In the nine months ended September 30, 2014 the Company had three principal customers (September 30, 2013–three principal customers) with each customer accounting for 38%, 38% and 20% of revenues (September 30, 2013–33%, 32% and 32% of revenues). The Company is not reliant on any one customer to continue to operate as a going concern.

In the three months ended September 30, 2014 the Company had one principal customer (September 30, 2013–two principal customers) with each customer accounting for 98.6% of revenues (September 30, 2013–48% and 46% of revenues). The Company is not reliant on any one customer to continue to operate as a going concern.

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The Company's principal product is copper concentrate, containing 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 smelters and traders. The Company's revenue from operations by major product and service are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
Copper	$12,685	$32,021	$79,143	$87,408
Gold	9,407	18,836	43,850	53,691
Silver	411	488	1,564	1,869
Other	164	323	511	883
	$22,667	$51,668	$125,068	$143,851

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

25. FINANCIAL INSTRUMENTS

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as marketable securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of derivative instrument assets and liabilities are determined by the counterparties using standard valuation techniques for these derivative instruments.

The carrying value, less impairment provision if necessary, of trade and other receivables and trade and other payables are assumed to approximate their fair values. Management believes that the carrying value of short term and non-current debt approximates fair value. Although the interest rates and credit spreads have changed since the non-current debt was issued the fixed rate portion of the non-current debt is close to maturity, will not be refinanced and therefore the carrying value is not materially different from fair value.

IFRS 13 – *Fair Value Measurement* requires disclosures about the inputs to fair value measurement, including their classifications within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities; and
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2014 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	$18,108	$ -	$18,108
Marketable securities	738	-	738
Provisionally priced receivables	-	6,899	6,899
Derivative instruments assets	-	3,251	3,251
Future site reclamation deposits	3,237	-	3,237
	22,083	10,150	32,233
Financial Liabilities			
Derivative instrument liabilities	-	1,276	1,276
	$22,083	$8,874	$30,957

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26. COMMITMENTS AND PLEDGES

(a) At September 30, 2014 the Company is committed to future minimum office rental payments as follows:

2014	$101
2015	403
2016	406
2017	205
2018	-
	$1,115

(b) At September 30, 2014 the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets	$3,237
Mineral property, plant and equipment	1,370
Letters of credit (Note 10(a))	25,758
	$30,365

(c) At September 30, 2014 the Company had commitments to purchase plant and equipment for the Red Chris project at a cost of $10,538.

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

2014	$695
2015	4,500
2016	6,000
2017	5,500
2018	4,000
2019 and beyond	3,800
	$24,495

27. 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. The Company has recorded a provision of $47,100 for future remediation costs related to the Mount Polley mine tailings dam breach (Note 17).

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the "Claim"). The Company has engaged independent legal counsel to advise it on this matter and intends to vigorously defend the Claim.

28. SUBSEQUENT EVENT

In November 2014 the Company completed construction and energization of the Iskut extension of the Northwest Transmission Line from Bob Quinn to Tatogga. The Company expects to complete the previously agreed upon sale of the Iskut extension in the near term for proceeds of $52,000.

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