Third Quarter Report 2016

PRESIDENT'S MESSAGE

Imperial's comparative financial results for the three and nine months ended September 30, 2016 and 2015 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	
	2016	2015	2016	2015
Revenues	$97,108	$55,928	$350,093	$59,187
Income (loss) from mine operations	$(2,123)	$7,578	$38,376	$2,884
Equity loss in Huckleberry	$(2,346)	$(800)	$(8,019)	$(767)
Net loss	$(20,589)	$(29,344)	$(7,020)	$(61,084)
Net loss per share	$(0.25)	$(0.37)	$(0.09)	$(0.80)
Adjusted net loss (1)	$(19,710)	$(9,379)	$(19,725)	$(26,762)
Adjusted net loss per share (1)	$(0.24)	$(0.12)	$(0.24)	$(0.35)
Adjusted EBITDA(1)	$14,380	$13,871	$99,046	$(114)
Cash flow (1)	$18,244	$15,784	$107,996	$11,993
Cash flow per Share (1)	$0.22	$0.20	$1.32	$0.16

(1) Refer to *Non-IFRS Financial Measures* for further details.

Revenues increased to $97.1 million in the September 2016 quarter compared to $55.9 million in the 2015 comparative quarter, an increase of $41.2 million or 73.7%. This increase was due to growth in the revenue from the Red Chris mine of $11.4 million in the 2016 period compared to 2015 and revenue from the Mount Polley mine of $29.8 million in the 2016 period compared to $nil in 2015 as the Mount Polley mine restarted operations on August 5, 2015 and had no revenue in the September 2015 quarter. In the September 2016 quarter there were four concentrate shipments from the Red Chris mine and one concentrate shipment from the Mount Polley mine.

Net loss for the September 2016 quarter was $20.6 million ($0.25 per share) compared to a net loss of $29.3 million ($0.37 per share) in the 2015 comparative quarter. The decrease in net loss from the September 2015 quarter to the September 2016 quarter of $8.7 million was primarily due to the following factors:

- Income/loss from mine operations went from income of $7.6 million in September 2015 to a loss of $2.1 million in September 2016, an increase in net loss of $9.7 million.
- Foreign exchange losses on current and non-current debt went from a loss of $32.6 million in September 2015 to a loss of $3.8 million in September 2016, a decrease in net loss of $28.8 million.
- Gain on derivative instruments went from a gain of $14.8 million in September 2015 to a gain of $1.1 million in September 2016, an increase in net loss of $13.7 million.
- Idle mine costs went from an expenditure of $5.1 million in September 2015 to $nil in September 2016, a decrease in net loss of $5.1 million.
- The Company's equity loss in Huckleberry went from loss of $0.8 million in September 2015 to a loss of $2.3 million in September 2016, an increase in net loss of $1.5 million.

Cash flow was $18.2 million in the September 2016 quarter compared to $15.8 million in the 2015 comparative quarter.

Red Chris Mine

Metal production for the third quarter of 2016 was 18.7 million pounds copper and 9,655 ounces gold. Copper production was down from the third quarter of 2015 by approximately 11%, on lower copper grade and throughput. Gold production was up about 4% compared the third quarter of 2015 with higher recovery offsetting the lower throughput.

The mill achieved an average throughput of 28,048 tonnes per calendar day for the quarter and was down about 4% from the 29,147 tonnes per day rate achieved in the same quarter of 2015. The reduction is largely due to a lower than budgeted operating time, with 190 hours of unscheduled downtime in the quarter. About 54% of the downtime was related to power issues affecting the SAG and ball mill main drives. These drive issues have been resolved and are not expected to impact availability going forward.

Metal recoveries continue to be impacted by high clay content ore delivered from the Main zone pushback which made up about 84% of the feed during the third quarter of 2016, compared to 78% in the third quarter of 2015. Metal recoveries at the Red Chris mine averaged 75.50% copper and 44.54% gold, up 3.5% and 6.3% from the 72.93% and 41.90% achieved for copper and gold respectively in the third quarter of 2015, when a lower portion of near surface ore for the Main zone at a similar grade was delivered. Test work has indicated that more flotation time is likely required to increase rougher recoveries. As a first step in increasing copper rougher recoveries, design work is underway to install an additional 160 cubic metre rougher cell that was in the Company's inventory. The cell is now at the Red Chris mine site and installation of this cell is targeted for year end.

Following the production results for the third quarter, annual targets for 2016 were revised to 85-90 million pounds copper and 45-50 thousand ounces gold.

The permit issued to Red Chris under the Environmental Management Act for the operation of the tailings storage facility ("TSF") was successfully amended on October 26, 2016 to allow for the operation of the portion of the TSF impounded by the South Dam. An amendment to the M-240 permit under the Mines Act is also required for the South Dam and is expected within the coming weeks when the geosynthetic liner installation is complete and the engineer of record has provided a letter certifying the suitability of the portion of the TSF impounded by the South Dam. Currently the Company does not plan to use that portion of the basin to store tailings until the spring of 2017.

	Three Months Ended September 30		Nine Months Ended September 30	
Red Chris Production	2016	2015	2016	2015[(1)]
Ore milled - *tonnes*	2,580,459	2,681,538	7,360,588	5,348,917
Ore milled per calendar day - *tonnes*	28,048	29,147	26,863	23,668
Grade % - copper	0.44	0.48	0.55	0.48
Grade g/t - gold	0.26	0.26	0.35	0.25
Recovery % - copper	75.50	72.93	77.86	67.00
Recovery % - gold	44.54	41.90	51.85	37.00
Copper – *000's pounds*	18,713	20,705	68,955	38,101
Gold – *ounces*	9,655	9,281	42,427	15,925
Silver – *ounces*	42,271	35,504	164,706	61,247

(1) production from February 17 to September 30, 2015

Exploration, development and capital expenditures were $22.7 million in the September 2016 quarter compared to $22.0 million in the 2015 comparative quarter.

Mount Polley Mine

During the past two years Mount Polley has completed significant rehabilitation of the areas impacted by the tailings dam breach at the Mount Polley mine ("Mount Polley Breach") and will continue necessary rehabilitation and monitoring of those areas. Instream work required to create fish habitat has been completed on approximately one kilometre in the upper portion of Hazeltine Creek. Research and monitoring to date indicates the environment is recovering rapidly. The Company has also initiated legal proceedings for the recovery of losses related to the Mount Polley Breach.

During the third quarter of 2016, the Mount Polley mine treated 1,769,779 tonnes ore for an average throughput of 19,237 tonnes per calendar day, compared to a throughput of 596,379 tonnes in the third quarter of 2015, when the mill was being operated on a part time basis after the restart of operations. Metal production of 6.87 million pounds copper and 12,763 ounces gold for the third quarter of 2016 was up significantly compared the same quarter in 2015 as a result.

Underground operations in the Boundary zone supplied 123,468 tonnes grading 1.05% copper and 0.58 g/t gold, up from 55,582 tonnes grading 0.91% copper and 0.55 g/t gold in the second quarter. The increase in underground production was due to a fill cycle in the Boundary zone stope being completed in the second quarter allowing for another Boundary zone stope to be mined in the third quarter. Mining in this Boundary zone is expected to be virtually complete by the end of the year.

Wet fall weather has slowed progress on raising the minimum elevation to the perimeter embankment of the TSF from 950 metres to 963.5 metres but it is now nearing completion and, weather permitting, we target completing this work in December. Mount Polley has applied for an amendment to its Environmental Management Act permit to implement its long-term water management plan.

	Three Months Ended September 30		Nine Months Ended September 30	
Mount Polley Production	2016	2015(1)	2016	2015(1)
Ore milled - *tonnes*	1,769,779	596,379	5,052,469	596,379
Ore milled per calendar day - *tonnes*	19,237	10,463	18,440	10,463
Grade % - copper	0.24	0.31	0.26	0.31
Grade g/t - gold	0.31	0.34	0.31	0.34
Recovery % - copper	72.38	72.22	70.46	72.22
Recovery % - gold	73.41	73.21	71.08	73.21
Copper – *000's pounds*	6,868	2,909	20,361	2,909
Gold – *ounces*	12,763	4,760	35,153	4,760
Silver – *ounces*	26,752	11,857	78,887	11,857

(1) production from August 5 to September 30, 2015

Exploration, development, and capital expenditures were $4.5 million in the September 2016 quarter compared to $2.0 million in the 2015 comparative quarter.

An underground drilling program of approximately 5,000 metres is planned to begin in December 2016 to follow up on two areas discovered in 2004 but unexplored since then. The drilling will be to further define a portion of the Martel zone located beneath the Wight pit approximately 400 metres east of the Boundary zone. Wide spaced drilling from surface has defined a measured and indicated underground resource of approximately 6,269,000 tonnes grading about 1.17% copper, 0.40 g/t gold and 7.38 g/t silver. Underground definition drilling will seek to define a high-grade portion of this resource, with the objective of defining 800,000 tonnes at grades emulating the selected historic exploration results shown in table below labelled Martel zone. Successful demonstration of grade continuity could lead to development and mining in this zone next year as an access ramp from the Boundary zone has been driven to within about 100 metres of the Martel zone to provide access for this underground drilling program. Several of the planned holes to test the Martel zone will be extended in length to the east to test the sparsely drilled Green zone, following up the mineralized intervals from 2004 drilling noted on the second table below.

Martel Zone

Hole ID	Length (m) (2)	Cu (%)	Au (gpt)	Ag (gpt)	CuEq (%)(1)
WB-04-102	132.5	1.45	0.42	9.90	2.095
WB-04-172	90.1	1.59	0.36	9.49	2.159
WB-04-98	60.0	1.52	0.50	9.26	2.247
WB-04-161	72.5	1.72	0.06	11.10	1.967
WB-04-133	147.5	1.20	0.33	7.20	1.697
Average	100.5	1.449	0.34	9.131	1.989

Green Zone

Hole ID	Length (m) (2)	Cu (%)	Au (gpt)	Ag (gpt)	CuEq (%)(1)
WB-05-189	86.4	1.83	0.28	10.68	2.325
WB-04-179	16.7	5.27	2.82	35.11	9.095
WB-04-158	18.5	4.63	2.79	27.10	8.292
WB-04-161	25.1	4.43	1.28	26.92	6.342
Average	36.7	3.019	1.056	18.306	4.534

(1) CuEq values based upon contained metal values assuming US$2.20/lb Cu, US$1,300/oz Au, US$18/oz Ag, and 0.745 US$/CA$

(2) Note all intervals are the entire length and true widths have not been determined.

Huckleberry Mine

Huckleberry mine operations were suspended on August 31, 2016 and the mine has been placed on care and maintenance pending an increase in the price of copper. During July and August of 2016 throughput averaged 17,472 tonnes per day and 4.45 million pounds of copper were produced. The copper grade averaged 0.21% and copper recovery was 87.33%.

It is a testament to the professionalism of the crew at Huckleberry and their dedication to safety that the orderly suspension of operations was completed without a lost time accident.

	Three Months Ended September 30		Nine Months Ended September 30	
Huckleberry Production[(1)]	2016[(2)]	2015	2016[(2)]	2015
Ore milled - *tonnes*	1,083,260	1,732,393	4,621,709	5,025,638
Ore milled per calendar day - *tonnes*	17,472	18,830	18,941	18,409
Grade % - copper	0.21	0.33	0.23	0.34
Recovery % - copper	87.33	90.80	87.62	89.60
Copper – *000's pounds*	4,447	11,489	20,438	33,608
Gold – *ounces*	444	935	1,927	2,616
Silver – *ounces*	21,394	47,140	100,425	158,339

(1) production stated 100% - Imperial's allocation is 50%
(2) production to August 31, 2016

A small exploration program was conducted on the Whiting Creek portion of the Huckleberry claim group to meet the assessment requirement for these claims. The Whiting Creek area is located approximately 8 kilometres from the Huckleberry processing plant. Three diamond drill holes were drilled to test the edges of the Creek zone at Whiting Creek, one of three known zones of mineralization at Whiting Creek. All three holes intersected copper mineralization with WC16-01 intersecting 70.1 metres of 0.39% copper and 0.02% molybdenum from surface, WC-16-02 intersecting 222.5 metres of 0.31% copper and 0.02% molybdenum both mineralized intervals starting from near surface and WC16-03 intersecting 152.4 metres of 0.25% copper and 0.02% molybdenum starting at a depth of approximately 185.0 metres. The drilling shows that the Creek zone is open to the west, and has potential to have higher grades, as the intercept in WC16-01 included a 36.6 metre intercept of 0.57% copper.

Sterling Mine

Sterling underground mining operations were terminated at the end of May 2015. Residual gold continues to be recovered from the heap with approximately one ounce per day being recovered.

An engineering company has been commissioned to establish the scope and cost of providing a potable water system that will meet the state's requirements to obtain a Public Water Utility permit.

Soil sampling and geological mapping continues in an area of favorable geology along the northern flank of Bare Mountain.

A laboratory program to try and develop a bio-process that will economically recover additional gold from the Sterling Mine heap pads is underway. The historical heaps contain approximately 20,000 ounces of gold.

Exploration and development expenditures at Sterling were under $0.1 million in the September 2016 quarter compared to under $0.1 million in the 2015 comparative quarter.

Liquidity and Financing

At September 30, 2016, the Company had cash of $3.9 million and a working capital deficiency of $49.0 million.

In October 2016 the Company sold US$55.0 million of the original US$110.0 million cross currency swap for proceeds of $11.9 million.

The Company is currently reviewing various financing alternatives in order to improve its liquidity. The projected cash flow from the Red Chris and Mount Polley mines, as well as the available credit facilities and additional sources of new financing are expected to be sufficient to fund the working capital deficiency and the Company's obligations as they come due. However, there are inherent risks related to the operation of the Company's mines which could require additional sources of financing. There can be no assurance that adequate additional financing will be available on terms acceptable to the Company or at all which creates a material uncertainty that could have an adverse impact on the Company's financial condition and results of operations and may cast significant doubt on the Company's ability to continue as a going concern.

Outlook

Operations, Earnings and Cash Flow

The base and precious metals production targeted for 2016 from the Red Chris mine was originally 90-100 million pounds copper and 60-70 thousand ounces gold. Following the production results for the third quarter, these targets have been revised to 85-90 million pounds copper and 45-50 thousand ounces gold. The target for 2016 production at Mount Polley is 27-29 million pounds copper and 48-52 thousand ounces gold.

Quarterly revenues will fluctuate depending on copper and gold prices, the CDN/US Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

Exploration

Imperial has interests in several exploration properties located in Canada. However, the Company's focus is currently to minimize exploration expenditures on non-core projects. Only minimum exploration work is being undertaken on all projects. The prospecting work conducted as part of this minimum work program has been successful in the discovery two new showings.

On the LJ property located 35 kilometres north-northeast of Revelstoke, BC, prospecting was successful in discovering the source of the zinc-lead-silver high grade boulders below the toe of a receding glacier. The sphalerite-galena-pyrite outcrop was channel sampled using a diamond saw with weighted assay results of 6.44% zinc, 5.26% lead and 3.05 g/t silver over a width of 5.3 metres separated by a 10 metre interval of lower grade material and another parallel interval of 5.98% zinc, 3.34% lead and 1.97 g/t silver over 5.0 metres. True width of these samples is estimated to be 82% of the cut width. The mineralization coincides with 650 metre surface electromagnetic anomalies which are open in both directions along strike.

On the Giant Copper property, located 40 kilometres east of Hope, BC, soil sampling outlined a strong gold anomaly 250 metres by 400 metres in size on a previously unexplored portion of the property. A grab sample from an oxidized quartz-carbonate veined sandstone rock outcrop above the anomaly assayed 5.53 g/t gold. Follow-up sampling has been completed with additional work planned for 2017.

Development

At Red Chris, achieving design copper recovery continues to be a challenge. We are making some progress as the recoveries this quarter are up from the same quarter last year. In both these periods high clay near surface ores from the Main zone provided the majority of the feed. Test work has indicated that more flotation time is likely required to increase rougher recoveries. As a first step in increasing copper rougher recoveries, design work is underway to install an additional 160 cubic metre rougher cell that was in the Company's inventory. The cell is now onsite and installation of this cell targeted for year end.

At Mount Polley, an access ramp from the Boundary zone has been driven to within about 100 metres of the Martel zone to provide access for an underground drilling program. An initial underground drilling program of approximately 5,000 metres to further define a portion of the Martel zone located beneath the Wight pit is planned to start in December. Successful drilling could lead to development and mining of this zone next year.

Huckleberry mine operations were suspended on August 31, 2016 and the mine has been placed on care and maintenance pending an increase in the price of copper. It is a testament to the professionalism of the crew at Huckleberry and their dedication to safety that the orderly suspension of operations was completed without a lost time accident.

Acquisitions

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

/s/ J. Brian Kynoch
J. Brian Kynoch
President

Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2016 and 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation ("Imperial", the "Company", "we", "us" or "our") should be read in conjunction with the unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2016 including the notes thereto ("the Interim Financial Statements"), as well as the audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2015. 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, 2016, and plans for the future based on facts and circumstances as of November 14, 2016. Except for statements of historical fact relating to the Company, including our 50% interest in Huckleberry Mines Ltd., certain information contained herein constitutes forward-looking information which is prospective in nature and reflects 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 and production targets; costs and timing of current and proposed exploration and development; marketing; capital expenditures; future expenses and scope relating to timing of ongoing rehabilitation activities at the Mount Polley mine; use of proceeds from credit facilities and other sources of financing; expectations relating to the operation of the Red Chris mine and costs associated therewith; adequacy of funds for projects and liabilities; expectations relating to the receipt of necessary regulatory permits, approvals or other consents, such as the amendment to the Red Chris *Mines Act* permit for the South Dam and the amendment to Mount Polley's EMA permit to incorporate its long-term water management plan; outcome and impact of litigation; cash flow; working capital requirements; expectations relating to the requirement for additional capital; expectations relating to results of operations, production, revenue, margins and earnings; expectations relating to production and copper recovery; expectations relating to the results of a Mount Polley exploratory underground drilling program of approximately 5,000 metres planned to begin in December 2016 to further define a portion of the Martel zone located beneath the Wight pit approximately 400 metres east of the Boundary zone and exploratory drilling on the Whiting Creek portion of the Huckleberry claim group currently showing the potential to have higher grades of copper opening to the west; expectations relating to completion targets for construction of the North and South dams at the Red Chris tailings storage facility and a weather-dependent November target for completion of the Mount Polley tailings storage facility's perimeter embankment minimum elevation raise from 950 metres to 963.5 metres; expectations relating to the anticipated completion of mining in the Mount Polley Boundary zone by the end of the year; expectations relating to the continued suspension of operations at the Huckleberry mine pending an increase in the price of copper; future prices of copper and gold; future foreign currency exchange rates and impact; 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 the Company operates, including, but not limited to, assumptions that: the Company will be able to advance and complete remaining planned rehabilitation and monitoring activities within expected timeframes; that there will be no significant delay or other material impact on the expected timeframes or costs for completion of rehabilitation of the Mount Polley mine; that the Company's rehabilitation activities at Mount Polley will be successful in the long term; that all required permits, approvals and arrangements to proceed with planned rehabilitation and the long-term water management plan at the Mount Polley mine will be obtained in a timely manner; that there will be no interruptions that will materially delay the Company's progress with its rehabilitation plans; that there will be no material operational or permitting delays at the Red Chris mine, including the issuance of the amendment to the *Mines Act* permit for the South Dam; that equipment will operate as expected, including the Red Chris SAG and ball mill main drives; that there will not be significant or ongoing power outages; that the Company's use of derivative instruments will enable the 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 and the Mount Polley mine will achieve expected production outcomes (including with respect to mined grades and mill recoveries); that Imperial will have access to capital as required. 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: that adequate additional new financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all which, when combined with the projected cash flow from the Red Chris and Mount Polley mines, and the available credit facilities, may cast doubt on Imperial's ability to continue as a going concern; risks relating to the timely receipt of necessary approvals and consents, including the amendment to the Red Chris *Mines Act* permit for the South Dam, and those necessary to proceed with the rehabilitation plan and the long-term water management plan at the Mount Polley mine; risks relating to the remaining costs and liabilities and any unforeseen longer-term environmental consequences arising from the tailings dam breach; uncertainty as to actual timing of completion of rehabilitation activities at the Mount Polley mine and the weather-dependent November completion of the raise of the tailings storage facility's perimeter embankment minimum elevation from 950 metres to 963.5 metres; risks relating to the impact of the tailings dam breach on Imperial's reputation; the quantum of claims, fines and penalties that may 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, and/or pursuing recovery of its losses through, any legal claims or potential litigation; risks of protesting activity and other civil disobedience restricting access to the Company's properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest, power outages or shortages, and natural phenomena such as drought or unusually wet weather conditions negatively impacting the operation of the Red Chris mine or the Mount Polley mine; changes in commodity and power prices; changes in market demand for our concentrate; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); and other hazards and risks disclosed within this Management's Discussion and Analysis for the September 2016 quarter and other public filings of the Company which are available on Imperial's profile at *sedar.com*. For the reasons set forth above, investors should not place undue reliance on forward-looking information. Imperial does not undertake to update any forward looking information, except in accordance with applicable securities laws.

SIGNIFICANT EVENTS AND LIQUIDITY

The Company's 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 ("Mount Polley Breach") resulted in the loss of full production from the mine, which was the primary source of cash flow for the Company in 2014. The Mount Polley mine restarted operations on August 5, 2015 following receipt of permit amendments on July 5, 2015 and April 29, 2016 which allowed recommencement of the mine using a modified operation plan that includes the use of the Springer pit to contain the tailings produced. On June 23, 2016 Mount Polley received the necessary authorizations from the Ministry of Energy and Mines and the Ministry of Environment, to return to normal mine operations, making use of its repaired and buttressed tailings storage facility ("TSF").

During the 2016 fiscal year the Company has completed a number of transactions to improve liquidity. These include the sale of US$75.0 million of the US$110.0 million cross currency swap for proceeds of $17.6 million, refinancing some mobile equipment for proceeds of $7.5 million and entering into the electricity payment deferral plan with the British Columbia Hydro and Power Authority with deferred payments to September 30, 2016 of $14.0 million. In May 2016 the Company announced it had extended the maturity date of the senior credit facility from October 1, 2016 to March 15, 2018 and amended certain of its terms and conditions, including financial covenants. The amount of the facility has not changed and remains at $200.0 million. Concurrently, the Company announced it had extended the maturity date of the second lien credit facility from April 1, 2017 to August 15, 2018 and amended certain of its terms and conditions, including financial covenants. The amount of this facility has also not changed and remains at $50.0 million.

The Company is currently reviewing various financing alternatives in order to improve its liquidity. The projected cash flow from the Red Chris and Mount Polley mines, as well as the available credit facilities and additional sources of new financing are expected to be sufficient to fund the working capital deficiency and the Company's obligations as they come due. However, there are inherent risks related to the operation of the Company's mines which could require additional sources of financing. There can be no assurance that adequate additional financing will be available on terms acceptable to the Company or at all which creates a material uncertainty that could have an adverse impact on the Company's financial condition and results of operations and may cast significant doubt on the Company's ability to continue as a going concern.

OVERVIEW

Select Quarter Financial Information

expressed in thousands, except share and per share amounts

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Total revenues	$97,108	$55,928	$350,093	$59,187
Net loss	$(20,589)	$(29,344)	$(7,020)	$(61,084)
Net loss per share	$(0.25)	$(0.37)	$(0.09)	$(0.80)
Diluted loss per share	$(0.25)	$(0.37)	$(0.09)	$(0.80)
Adjusted net loss (1)	$(19,710)	$(9,379)	$(19,725)	$(26,762)
Adjusted net loss per share (1)	$(0.24)	$(0.12)	$(0.24)	$(0.35)
Adjusted EBITDA(1)	$14,380	$13,871	$99,046	$(114)
Working capital deficiency (2)	$(48,951)	$(33,766)	$(48,951)	$(33,766)
Total assets	$1,462,756	$1,476,988	$1,462,756	$1,476,988
Total long term debt (including current portion)	$854,445	$854,446	$854,445	$854,446
Cash dividends declared per common share	$ -	$ -	$ -	$ -
Cash flow (1)(3)	$18,244	$15,784	$107,996	$11,993
Cash flow per share (1)(3)	$0.22	$0.20	$1.32	$0.16

(1) Refer to table under heading *Non-IFRS Financial Measures* for further details.
(2) Defined as current assets less current liabilities.
(3) *Cash flow* is defined as the cash flow from operations before the net change in non-cash working capital balances, income and mining taxes, and interest paid. "Cash flow per share" is defined as and Cash flow divided by the weighted average number of common shares outstanding during the year

Select Items Affecting Net Loss (presented on an after-tax basis)

expressed in thousands

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Net (loss) income before undernoted items	$(3,162)	$5,143	$18,763	$(2,531)
Interest expense	(12,416)	(11,961)	(37,320)	(15,610)
Foreign exchange (loss) gain on debt, net of gains on cross currency swaps	(2,665)	(19,397)	19,556	(39,989)
Provision for rehabilitation, net of insurance recoveries	-	-	-	7,082
Idle mine costs	-	(3,629)	-	(10,756)
Gains on derivative instruments related to commodities	-	1,300	-	1,487
Share of loss in Huckleberry	(2,346)	(800)	(8,019)	(767)
Net loss	$(20,589)	$(29,344)	$(7,020)	$(61,084)

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

Revenues increased to $97.1 million in the September 2016 quarter compared to $55.9 million in the 2015 comparative quarter, an increase of $41.2 million or 73.7%. This increase was due to growth in the revenue from the Red Chris mine of $11.4 million in the 2016 period compared to 2015 and revenue from the Mount Polley mine of $29.8 million in the 2016 period compared to $nil in 2015 as the Mount Polley mine restarted operations on August 5, 2015 and had no revenue in the September 2015 quarter. There were four concentrate shipments in the September 2016 quarter from the Red Chris mine (2015-three) and one concentrate shipment from the Mount Polley mine (2015–nil). Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The London Metals Exchange cash settlement copper price per pound averaged US$2.17 in the September 2016 quarter compared to US$2.38 in the 2015 comparative quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,335 in the September 2016 quarter compared to US$1,124 in the 2015 comparative quarter. The CDN Dollar strengthened by 0.3% in relation to the US Dollar in the September 2016 quarter over the 2015 comparative quarter. In CDN Dollar terms the average copper price in the September 2016 quarter was CDN$2.83 per pound compared to CDN$3.12 per pound in the 2015 comparative quarter and the average gold price in the September 2016 quarter was CDN$1,742 per ounce compared to CDN$1,471 per ounce in the 2015 comparative quarter.

Revenue in the September 2016 quarter was decreased by a $3.1 million negative revenue revaluation compared to a positive revenue revaluation of $0.3 million in the 2015 comparative 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 and vice-versa for negative revenue revaluations.

Net loss for the September 2016 quarter was $20.6 million ($0.25 per share) compared to a net loss of $29.3 million ($0.37 per share) in the 2015 comparative quarter. The decrease in net loss from the September 2015 quarter to the September 2016 quarter of $8.7 million was primarily due to the following factors:

- Income/loss from mine operations went from income of $7.6 million in September 2015 to a loss of $2.1 million in September 2016, an increase in net loss of $9.7 million.
- Foreign exchange losses on current and non-current debt went from a loss of $32.6 million in September 2015 to a loss of $3.8 million in September 2016, a decrease in net loss of $28.8 million.
- Gain on derivative instruments went from a gain of $14.8 million in September 2015 to a gain of $1.1 million in September 2016, an increase in net loss of $13.7 million.
- Idle mine costs went from an expenditure of $5.1 million in September 2015 to $nil in September 2016, a decrease in net loss of $5.1 million.
- The Company's equity loss in Huckleberry went from loss of $0.8 million in September 2015 to a loss of $2.3 million in September 2016, an increase in net loss of $1.5 million.

The September 2016 quarter net loss included foreign exchange losses related to changes in CDN/US Dollar exchange rates of $4.0 million compared to foreign exchange losses of $33.0 million in the 2015 comparative quarter. The $4.0 million foreign exchange loss is comprised of a $3.5 million loss on the senior notes, a $0.2 million loss on long term equipment loans, and a loss of $0.3 million on short-term debt and operational items. The average CDN/US Dollar exchange rate in the September 2016 quarter was 1.305 compared to an average of 1.309 in the 2015 comparative quarter.

In the September 2016 quarter the Company recorded net gains on derivative instruments of $1.1 million compared to net gains of $14.8 million in the 2015 comparative quarter. The $1.1 million gain in the September 2016 quarter consisted of $0.3 million realized gains and $0.8 million unrealized gains on the foreign currency swap due to an increase in the CDN/US Dollar exchange rate compared to the exchange rate at the end of the June 2016 quarter. In the 2015 comparative quarter the $14.8 million gain consisted of realized gains of $2.1 million and unrealized losses of $0.2 million on gold derivative instruments and realized gains of $0.5 million and unrealized gains of $12.4 million on the foreign currency swap. During the September 2016 quarter the Company did not have any commodity derivative instruments.

The Company recorded a $2.3 million equity loss as its share of Huckleberry's net loss during the September 2016 quarter compared to a $0.8 million equity loss in the 2015 comparative quarter. Huckleberry had two shipments in each of the September 2016 quarter and the 2015 comparative quarter.

The Company recorded pretax loss of $24.8 million in the September 2016 quarter and a $4.2 million tax recovery compared to a $4.8 million tax recovery in the 2015 comparative quarter when the Company had a pretax loss of $34.1 million.

Cash flow was $18.2 million in the September 2016 quarter compared to cash flow of $15.8 million in the 2015 comparative quarter. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under IFRS. 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 were $27.5 million in the September 2016 quarter compared to $24.3 million in the 2015 comparative quarter.

At September 30, 2016 the Company had $3.9 million in cash (December 31, 2015-$9.2 million). The Company had $20.7 million of short term debt outstanding at September 30, 2016 (December 31, 2015-$24.8 million) and $14.8 million of its non-current debt is classified as current at September 30, 2016 (December 31, 2015-$182.0 million).

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 below. The Company believes these measures are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.

Adjusted net income, Adjusted EBITDA, and Cash flow are not generally accepted earnings measures and should not be considered as an alternative to net income (loss) 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 Loss and Adjusted Net Loss per Share

Adjusted net loss in the September 2016 quarter was $19.7 million ($0.24 per share) compared to an adjusted net loss of $9.4 million ($0.12 per share) in the 2015 comparative quarter. Adjusted net income or loss shows the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net income or loss is calculated by removing the gains or losses, resulting from mark to market revaluation of derivative instruments not related to the current period, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax, as further detailed in the following table.

Calculation of Adjusted Net Loss

expressed in thousands, except share and per share amounts	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Net loss reported	$(20,589)	$(29,344)	$(7,020)	$(61,084)
Unrealized (gain) loss on derivative instruments, net of tax [(a)]	(668)	(10,596)	10,626	(18,746)
Unrealized foreign exchange loss (gain) on non-current debt, net of tax [(b)]	1,547	30,561	(23,331)	60,150
Insurance recoveries, net of tax [(c)]	-	-	-	(7,082)
Adjusted net loss	$(19,710)	$(9,379)	$(19,725)	$(26,762)
Basic weighted average number of common shares outstanding	81,762,251	78,263,515	81,761,439	76,079,477
Adjusted net loss per share	$(0.24)	$(0.12)	$(0.24)	$(0.35)

(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. Tax recoveries on unrealized capital losses are recorded only to the extent that they are expected to be realized by offset against available capital gains.

(c) Insurance recoveries related to the Mount Polley Breach, net of tax, have been excluded as these recoveries are non-recurring.

Adjusted EBITDA

Adjusted EBITDA in the September 2016 quarter was $14.4 million compared to $13.9 million in the 2015 comparative quarter.

EBITDA is defined as net income (loss) before interest expense, taxes, and depletion and depreciation. Adjusted EBITDA is defined as EBITDA excluding certain recurring non-cash items, unusual items not expected to continue at the same level in the future, and any other items not reflective of our ongoing operating performance. 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 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 (loss) income to Adjusted EBITDA is as follows:

expressed in thousands	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Net loss [a]	$(20,589)	$(29,344)	$(7,020)	$(61,084)
Adjustments:				
Income and mining tax (recovery) expense	(4,228)	(4,768)	1,276	(7,314)
Interest expense	16,778	16,164	50,432	21,095
Depletion and depreciation	19,043	10,474	64,601	13,665
Accretion of future site reclamation provisions	231	212	689	632
Unrealized (gains) losses on derivative instruments	(768)	(12,153)	12,214	(21,403)
Share based compensation	694	103	2,132	316
Foreign exchange losses (gains)	3,995	32,965	(24,388)	65,047
Revaluation losses (gains) on marketable securities	64	218	(63)	222
Losses (gains) on sale of mineral properties	260	-	273	(290)
Insurance recoveries	-	-	-	(11,000)
Other	(1,100)	-	(1,100)	-
Adjusted EBITDA [a]	$14,380	$13,871	$99,046	$(114)

(a) Net loss and Adjusted EBITDA includes our 50% portion of the net income (loss) from Huckleberry in accordance with 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 in the September 2016 quarter was $18.2 million compared to $15.8 million in 2015 comparative quarter. Cash flow per share was $0.22 in the September 2016 quarter compared to $0.20 in 2015 comparative quarter.

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

expressed in thousands, except per share and per share amounts	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Loss before taxes	$(24,817)	$(34,112)	$(5,744)	$(68,398)
Items not affecting cash flows				
Equity loss in Huckleberry	2,346	800	8,019	767
Depletion and depreciation	19,043	10,474	64,601	13,665
Share based compensation	694	103	2,132	316
Accretion of future site reclamation provisions	231	212	689	632
Unrealized foreign exchange losses (gains)	4,403	34,300	(24,563)	65,388
Unrealized (gains) losses on derivative instruments	(768)	(12,153)	12,214	(21,403)
Interest expense	16,778	16,164	50,432	21,095
Other	334	(4)	216	(69)
Cash flow	$18,244	$15,784	$107,996	$11,993
Basic weighted average number of common shares outstanding	81,762,251	78,263,515	81,761,439	76,079,477
Cash flow per share	$0.22	$0.20	$1.32	$0.16

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 three copper producing mines, Red Chris, Mount Polley and Huckleberry, and on a composite basis for these mines.

The cash cost per pound of copper produced is derived from the sum of cash production costs, transportation and offsite costs, treatment and refining costs, royalties, net of by-product and other revenues, divided by the number of pounds of copper produced during the period.

Cash costs of production include direct labour, operating materials and supplies, equipment and mill costs, and applicable overhead. Offsite costs include transportation, warehousing, marketing, and related insurance. Treatment and refining costs are costs for smelting and refining concentrate.

Treatment and refining costs applicable to the concentrate produced during the period are calculated in accordance with the contracts the Company has with its customers.

By-product and other revenues represent (i) revenue calculated based on average metal prices for by-products produced during the period based on contained metal in the concentrate; and (ii) other revenues as recorded during the period.

Cost of sales, as reported on the consolidated statement of comprehensive income, includes depletion and depreciation and share based compensation, non-cash items. These items, along with management fees charged by the Company to Huckleberry, are removed from cash costs. The resulting cash costs are different than the cost of production because of changes in inventory levels and therefore inventory and related transportation and offsite costs are adjusted from a cost of sales basis to a production basis. The cash costs for copper produced are converted to US$ using the average US$ to CDN$ exchange rate for the period divided by the pounds of copper produced to obtain the cash cost per pound of copper produced in US$.

Variations from period to period in the cash cost per pound of copper produced are the result of many factors including: grade, metal recoveries, amount of stripping charged to operations, mine and mill operating conditions, labour and other cost inputs, transportation and warehousing costs, treatment and refining costs, the amount of by-product and other revenues, the US$ to CDN$ exchange rate and the amount of copper produced. Idle mine costs during the periods when the Mount Polley and Huckleberry mines were not in operation have been excluded from the cash cost per pound 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 for the three months ended September 30, 2016 and 2015.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended September 30, 2016						
	Huckleberry		Red	Mount	Sterling &	Total per Financial	
	100%	50%	Chris	Polley	Corporate	Statements	Composite
		A	B	C			D=A+B+C
Cost of sales	$29,110	$14,555	$70,035	$28,745	$451	$99,231	$113,335
Less:							
Depletion and depreciation	(6,849)	(3,425)	(14,868)	(4,043)	(100)	(19,011)	(22,336)
Share based compensation	-	-	(178)	(103)	-	(281)	(281)
Management fees paid by Huckleberry*	(143)	(72)	-	-	-	-	(72)
Cash costs before adjustment to production basis	22,118	11,058	54,989	24,599	$351	$79,939	90,646
Adjust for inventory change	(5,193)	(2,597)	(2,759)	6,912			1,556
Adjust transportation and offsite costs	(891)	(446)	(504)	342			(608)
Treatment, refining and royalty costs	1,997	999	7,341	2,587			10,927
By-product and other revenues	(1,322)	(661)	(16,789)	(22,300)			(39,750)
Cash cost of copper produced in Cdn$	16,709	8,353	42,278	12,140			62,771
US$ to Cdn$ exchange rate	*1.305*	*1.305*	*1.305*	*1.305*			*1.305*
Cash cost of copper produced in US$	$12,826	$6,411	$32,274	$9,332			$48,017
Copper produced – pounds	*4,447*	*2,224*	*18,713*	*6,868*			*27,805*
Cash cost per lb copper produced in US$	$2.88	$2.88	$1.72	$1.36			$1.73

	Three Months Ended September 30, 2015						
	Huckleberry		Red	Mount	Sterling &	Total per Financial	
	100%	50%	Chris	Polley	Corporate	Statements	Composite
		A	B	C			D=A+B+C
Cost of sales	$31,393	$15,697	$44,524	$3,166	$660	$48,350	$63,387
Less:							
Depletion and depreciation	(5,620)	(2,810)	(8,269)	(572)	(103)	(8,944)	(11,651)
Share based compensation	-	-	-	-	-	-	-
Management fees paid by Huckleberry*	(149)	(75)	-	-	-	-	(75)
Cash costs before adjustment to production basis	25,624	12,812	36,255	2,594	$557	$39,406	51,661
Adjust for inventory change	(148)	(74)	9,198	10,845			19,969
Adjust transportation and offsite costs	(34)	(17)	769	1,116			1,868
Treatment, refining and royalty costs	4,330	2,165	11,131	1,817			15,113
By-product and other revenues	(3,203)	(1,602)	(14,381)	(7,233)			(23,216)
Cash cost of copper produced in Cdn$	26,569	13,284	42,972	9,139			65,395
US$ to Cdn$ exchange rate	*1.309*	*1.309*	*1.309*	*1.309*			*1.309*
Cash cost of copper produced in US$	$20,293	$10,146	$32,821	$6,980			$49,946
Copper produced – pounds	*11,489*	*5,744*	*20,707*	*2,909*			*29,360*
Cash cost per lb copper produced in US$	$1.77	$1.77	$1.58	$2.40			$1.70

** Management fee paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry.*

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 for the nine months ended September 30, 2016 and 2015.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Nine Months Ended September 30, 2016						
	Huckleberry		Red	Mount	Sterling &	Total per Financial	
	100%	50%	Chris	Polley	Corporate	Statements	Composite
		A	B	C			D=A+B+C
Cost of sales	$83,864	$41,932	$201,256	$108,840	$1,621	$311,717	$352,028
Less:							
Depletion and depreciation	(20,433)	(10,217)	(43,918)	(20,048)	(340)	(64,306)	(74,183)
Share based compensation	-	-	(527)	(308)	-	(835)	(835)
Management fees paid by Huckleberry*	(435)	(218)	-	-	-	-	(218)
Cash costs before adjustment to production basis	62,996	31,497	156,811	88,484	$1,281	$246,576	276,792
Adjust for inventory change	(11,165)	(5,583)	(9,529)	5,100			(10,012)
Adjust transportation and offsite costs	(422)	(211)	(604)	114			(701)
Treatment, refining and royalty costs	9,228	4,614	27,129	7,887			39,630
By-product and other revenues	(5,390)	(2,695)	(69,637)	(58,710)			(131,042)
Cash cost of copper produced in Cdn$	55,247	27,622	104,170	42,875			174,667
US$ to Cdn$ exchange rate	*1.323*	*1.323*	*1.323*	*1.323*			*1.323*
Cash cost of copper produced in US$	$41,765	$20,881	$78,750	$32,412			$132,043
Copper produced – pounds	*20,438*	*10,219*	*68,955*	*20,361*			*99,535*
Cash cost per lb copper produced in US$	$2.04	$2.04	$1.14	$1.59			$1.33

	Nine Months Ended September 30, 2015						
	Huckleberry		Red	Mount	Sterling &	Total per Financial	
	100%	50%	Chris	Polley	Corporate	Statements	Composite
		A	B	C			D=A+B+C
Cost of sales	$94,283	$47,142	$44,524	$3,166	$8,613	$56,303	$94,832
Less:							
Depletion and depreciation	(16,290)	(8,145)	(8,269)	(572)	(346)	(9,187)	(16,986)
Management fees paid by Huckleberry*	(447)	(224)	-	-	-	-	(224)
Cash costs before adjustment to production basis	77,546	38,773	36,255	2,594	$8,267	$47,116	77,622
Adjust for inventory change	297	148	9,198	10,845			20,191
Adjust transportation and offsite costs	(107)	(53)	769	1,116			1,832
Treatment, refining and royalty costs	12,850	6,425	11,131	1,817			19,373
By-product and other revenues	(7,983)	(3,992)	(14,381)	(7,233)			(25,606)
Cash cost of copper produced in Cdn$	82,603	41,301	42,972	9,139			93,412
*US$ to Cdn$ exchange rate***	*1.260*	*1.260*	*1.309*	*1.309*			*1.287*
Cash cost of copper produced in US$	$65,559	$32,779	$32,820	$6,980			$72,579
Copper produced – pounds	*33,609*	*16,804*	*20,707*	*2,909*			*40,420*
Cash cost per lb copper produced in US$	$1.95	$1.95	$1.58	$2.40			$1.80

* *Management fee paid by Huckleberry to Imperial recorded as revenue by Imperial on the equity basis of accounting for Huckleberry.*

** *Mount Polley and Red Chris did not commence production until the third quarter of 2015 therefore the exchange rate used is the average for the three months ended September 30, 2015, while for Huckleberry the exchange rate used is for the nine months ended September 30, 2015 and the exchange rate used for the Composite amount is a weighted-average of these two rates.*

DEVELOPMENTS DURING THE SEPTEMBER 2016 QUARTER

General

The London Metals Exchange cash settlement copper price per pound averaged US$2.17 (CDN$2.83) in the September 2016 quarter compared to US$2.38 (CDN$3.12) in the 2015 comparative quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,335 (CDN$1,742) in the September 2016 quarter compared to US$1,124 (CDN$1,471) in the 2015 comparative quarter. The CDN Dollar strengthened by 0.3% in relation to the US Dollar in the September 2016 quarter compared to the 2015 comparative quarter.

Red Chris Mine

Metal production for the third quarter of 2016 was 18.7 million pounds copper and 9,655 ounces gold. Copper production was down from the third quarter of 2015 by approximately 11%, on lower copper grade and throughput. Gold production was up about 4% compared the third quarter of 2015 with higher recovery offsetting the lower throughput.

The mill achieved an average throughput of 28,048 tonnes per calendar day for the quarter and was down about 4% from the 29,147 tonnes per day rate achieved in the same quarter of 2015. The reduction is largely due to a lower than budgeted operating time, with 190 hours of unscheduled downtime in the quarter. About 54% of the downtime was related to power issues affecting the SAG and ball mill main drives. These drive issues have been resolved and are not expected to impact availability going forward.

Metal recoveries continue to be impacted by high clay content ore delivered from the Main zone pushback which made up about 84% of the feed during the third quarter of 2016, compared to 78% in the third quarter of 2015. Metal recoveries at the Red Chris mine averaged 75.50% copper and 44.54% gold, up 3.5% and 6.3% from the 72.93% and 41.90% achieved for copper and gold respectively in the third quarter of 2015, when a lower portion of near surface ore for the Main zone at a similar grade was delivered. Test work has indicated that more flotation time is likely required to increase rougher recoveries. As a first step in increasing copper rougher recoveries, design work is underway to install an additional 160 cubic metre rougher cell that was in the Company's inventory. The cell is now at the Red Chris mine site and installation of this cell is targeted for year end.

Following the production results for the third quarter, annual targets for 2016 were revised to 85-90 million pounds copper and 45-50 thousand ounces gold.

The permit issued to Red Chris under the Environmental Management Act for the operation of the tailings storage facility ("TSF") was successfully amended on October 26, 2016 to allow for the operation of the portion of the TSF impounded by the South Dam. An amendment to the M-240 permit under the Mines Act is also required for the South Dam and is expected within the coming weeks when the geosynthetic liner installation is complete and the engineer of record has provided a letter certifying the suitability of the portion of the TSF impounded by the South Dam. Currently the Company does not plan to use that portion of the basin to store tailings until the spring of 2017.

Red Chris Production	Three Months Ended September 30 2016	Three Months Ended September 30 2015	Nine Months Ended September 30 2016	Nine Months Ended September 30 2015[(1)]
Ore milled - *tonnes*	2,580,459	2,681,538	7,360,588	5,348,917
Ore milled per calendar day - *tonnes*	28,048	29,147	26,863	23,668
Grade % - copper	0.44	0.48	0.55	0.48
Grade g/t - gold	0.26	0.26	0.35	0.25
Recovery % - copper	75.50	72.93	77.86	67.00
Recovery % - gold	44.54	41.90	51.85	37.00
Copper – *000's pounds*	18,713	20,705	68,955	38,101
Gold – *ounces*	9,655	9,281	42,427	15,925
Silver – *ounces*	42,271	35,504	164,706	61,247

(1) production from February 17 to September 30, 2015

Exploration, development and capital expenditures were $22.7 million in the September 2016 quarter compared to $22.0 million in the 2015 comparative quarter.

Mount Polley Mine

During the past two years Mount Polley has completed significant rehabilitation of the areas impacted by the tailings dam breach at the Mount Polley mine ("Mount Polley Breach") and will continue necessary rehabilitation and monitoring of those areas. Instream work required to create fish habitat has been completed on approximately one kilometre in the upper portion of Hazeltine Creek. Research and monitoring to date indicates the environment is recovering rapidly. The Company has also initiated legal proceedings for the recovery of losses related to the Mount Polley Breach.

During the third quarter of 2016, the Mount Polley mine treated 1,769,779 tonnes ore for an average throughput of 19,237 tonnes per calendar day, compared to a throughput of 596,379 tonnes in the third quarter of 2015, when the mill was being operated on a part time basis after the restart of operations. Metal production of 6.87 million pounds copper and 12,763 ounces gold for the third quarter of 2016 was up significantly compared the same quarter in 2015 as a result.

Underground operations in the Boundary zone supplied 123,468 tonnes grading 1.05% copper and 0.58 g/t gold, up from 55,582 tonnes grading 0.91% copper and 0.55 g/t gold in the second quarter. The increase in underground production was due to a fill cycle in the Boundary zone stope being completed in the second quarter allowing for another Boundary zone stope to be mined in the third quarter. Mining in this Boundary zone is expected to be virtually complete by the end of the year.

Wet fall weather has slowed progress on raising the minimum elevation to the perimeter embankment of the TSF from 950 metres to 963.5 metres but it is now nearing completion and, weather permitting, we target completing this work in December. Mount Polley has applied for an amendment to its Environmental Management Act permit to implement its long-term water management plan.

	Three Months Ended September 30		Nine Months Ended September 30	
Mount Polley Production	2016	2015[(1)]	2016	2015[(1)]
Ore milled - *tonnes*	1,769,779	596,379	5,052,469	596,379
Ore milled per calendar day - *tonnes*	19,237	10,463	18,440	10,463
Grade % - copper	0.24	0.31	0.26	0.31
Grade g/t - gold	0.31	0.34	0.31	0.34
Recovery % - copper	72.38	72.22	70.46	72.22
Recovery % - gold	73.41	73.21	71.08	73.21
Copper – *000's pounds*	6,868	2,909	20,361	2,909
Gold – *ounces*	12,763	4,760	35,153	4,760
Silver – *ounces*	26,752	11,857	78,887	11,857

(1) production from August 5 to September 30, 2015

Exploration, development, and capital expenditures were $4.5 million in the September 2016 quarter compared to $2.0 million in the 2015 comparative quarter.

An underground drilling program of approximately 5,000 metres is planned to begin in December 2016 to follow up on two areas discovered in 2004 but unexplored since then. The drilling will be to further define a portion of the Martel zone located beneath the Wight pit approximately 400 metres east of the Boundary zone. Wide spaced drilling from surface has defined a measured and indicated underground resource of approximately 6,269,000 tonnes grading about 1.17% copper, 0.40 g/t gold and 7.38 g/t silver. Underground definition drilling will seek to define a high-grade portion of this resource, with the objective of defining 800,000 tonnes at grades emulating the selected historic exploration results shown in table below labelled Martel zone. Successful demonstration of grade continuity could lead to development and mining in this zone next year as an access ramp from the Boundary zone has been driven to within about 100 metres of the Martel zone to provide access for this underground drilling program. Several of the planned holes to test the Martel zone will be extended in length to the east to test the sparsely drilled Green zone, following up the mineralized intervals from 2004 drilling noted on the second table on the next page.

Martel Zone					
Hole ID	Length (m) [2]	Cu (%)	Au (gpt)	Ag (gpt)	CuEq (%)[1]
WB-04-102	132.5	1.45	0.42	9.90	2.095
WB-04-172	90.1	1.59	0.36	9.49	2.159
WB-04-98	60.0	1.52	0.50	9.26	2.247
WB-04-161	72.5	1.72	0.06	11.10	1.967
WB-04-133	147.5	1.20	0.33	7.20	1.697
Average	100.5	1.449	0.34	9.131	1.989

Green Zone					
Hole ID	Length (m) [2]	Cu (%)	Au (gpt)	Ag (gpt)	CuEq (%)[1]
WB-05-189	86.4	1.83	0.28	10.68	2.325
WB-04-179	16.7	5.27	2.82	35.11	9.095
WB-04-158	18.5	4.63	2.79	27.10	8.292
WB-04-161	25.1	4.43	1.28	26.92	6.342
Average	36.7	3.019	1.056	18.306	4.534

(1) CuEq values based upon contained metal values assuming US$2.20/lb Cu, US$1,300/oz Au, US$18/oz Ag, and 0.745 US$/CA$
(2) Note all intervals are the entire length and true widths have not been determined.

Huckleberry Mine

Huckleberry mine operations were suspended on August 31, 2016 and the mine has been placed on care and maintenance pending an increase in the price of copper. During July and August of 2016 throughput averaged 17,472 tonnes per day and 4.45 million pounds of copper were produced. The copper grade averaged 0.21% and copper recovery was 87.33%.

	Three Months Ended September 30		Nine Months Ended September 30	
Huckleberry Production[1]	2016[2]	2015	2016[2]	2015
Ore milled - *tonnes*	1,083,260	1,732,393	4,621,709	5,025,638
Ore milled per calendar day - *tonnes*	17,472	18,830	18,941	18,409
Grade % - copper	0.21	0.33	0.23	0.34
Recovery % - copper	87.33	90.80	87.62	89.60
Copper – *000's pounds*	4,447	11,489	20,438	33,608
Gold – *ounces*	444	935	1,927	2,616
Silver – *ounces*	21,394	47,140	100,425	158,339

(1) production stated 100% - Imperial's allocation is 50%
(2) production to August 31, 2016

A small exploration program was conducted on the Whiting Creek portion of the Huckleberry claim group to meet the assessment requirement for these claims. The Whiting Creek area is located approximately 8 kilometres from the Huckleberry processing plant. Three diamond drill holes were drilled to test the edges of the Creek zone at Whiting Creek, one of three known zones of mineralization at Whiting Creek. All three holes intersected copper mineralization with WC16-01 intersecting 70.1 metres of 0.39% copper and 0.02% molybdenum from surface, WC-16-02 intersecting 222.5 metres of 0.31% copper and 0.02% molybdenum both mineralized intervals starting from near surface and WC16-03 intersecting 152.4 metres of 0.25% copper and 0.02% molybdenum starting at a depth of approximately 185.0 metres. The drilling shows that the Creek zone is open to the west, and has potential to have higher grades, as the intercept in WC16-01 included a 36.6 metre intercept of 0.57% copper.

Sterling Mine

Sterling underground mining operations were terminated at the end of May 2015. Residual gold continues to be recovered from the heap with approximately one ounce per day being recovered.

An engineering company has been commissioned to establish the scope and cost of providing a potable water system that will meet the state's requirements to obtain a Public Water Utility permit.

Soil sampling and geological mapping continues in an area of favorable geology along the northern flank of Bare Mountain.

A laboratory program to try and develop a bio-process that will economically recover additional gold from the Sterling Mine heap pads is underway. The historical heaps contain approximately 20,000 ounces of gold.

Exploration and development expenditures at Sterling were under $0.1 million in the September 2016 quarter compared to under $0.1 million in the 2015 comparative quarter.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2015

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the three and nine months ended September 30, 2016 and the audited consolidated financial statements of the Company for the year ended December 31, 2015.

Overview

Revenues increased to $97.1 million in the September 2016 quarter compared to $55.9 million in the 2015 comparative quarter, an increase of $41.2 million or 73.7%. This increase was due to growth in the revenue from the Red Chris mine of $11.4 million in the 2016 period compared to 2015 and revenue from the Mount Polley mine of $29.8 million in the 2016 period compared to $nil in 2015 as the Mount Polley mine restarted operations on August 5, 2015 and had no revenue in the September 2015 quarter. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The Company had a loss from mine operations of $2.1 million in the September 2016 quarter compared to income from mine operations of $7.6 million in the 2015 comparative quarter.

Net loss for the September 2016 quarter was $20.6 million ($0.25 per share) compared to a net loss of $29.3 million ($0.37 per share) in the 2015 comparative quarter. The decrease in net loss from the September 2015 quarter to the September 2016 quarter of $8.7 million was primarily due to the following factors:

- Income/loss from mine operations went from income of $7.6 million in September 2015 to a loss of $2.1 million in September 2016, an increase in net loss of $9.7 million.
- Foreign exchange losses on current and non-current debt went from a loss of $32.6 million in September 2015 to a loss of $3.8 million in September 2016, a decrease in net loss of $28.8 million.
- Gain on derivative instruments went from a gain of $14.8 million in September 2015 to a gain of $1.1 million in September 2016, an increase in net loss of $13.7 million.
- Idle mine costs went from an expenditure of $5.1 million in September 2015 to $nil in September 2016, a decrease in net loss of $5.1 million.
- The Company's equity loss in Huckleberry went from loss of $0.8 million in September 2015 to a loss of $2.3 million in September 2016, an increase in net loss of $1.5 million.

Revenue

expressed in thousands of dollars, except quantity amounts

	Three Months Ended September 30	
	2016	2015
Revenue before revaluation	$100,254	$55,590
Revenue revaluation	(3,146)	338
	$97,108	$55,928

expressed in thousands of dollars, except quantity amounts

	Three Months Ended September 30, 2016			
	Red Chris Mine	Mount Polley Mine	Sterling Mine	Total
Sales				
Copper – *000's pounds*	*21,010*	*5,404*	-	*26,414*
Gold – *ounces*	*11,569*	*10,212*	*2*	*21,783*
Silver – *ounces*	*48,164*	*19,933*	-	*68,097*
Revenue				
Copper	$47,987	$12,541	$ -	$60,528
Gold	18,050	16,756	2	34,808
Silver	1,162	465	-	1,627
	$67,199	$29,762	$2	$96,963
Corporate	-	-	-	145
Total Revenue	$67,199	$29,762	$2	$97,108

expressed in thousands of dollars, except quantity amounts

	Three Months Ended September 30, 2015			
	Red Chris Mine	Mount Polley Mine	Sterling Mine	Total
Sales				
Copper – *000's pounds*	*17,088*	-	-	*17,088*
Gold – *ounces*	*8,328*	-	-	*8,328*
Silver – *ounces*	*30,793*	-	-	*30,793*
Revenue				
Copper	$43,909	$ -	$ -	$43,909
Gold	11,469	-	14	11,483
Silver	383	-	-	383
	$55,761	$ -	$14	$55,775
Corporate	-	-	-	153
Total Revenue	$55,761	$ -	$14	$55,928

During the September 2016 quarter the Company sold 26.4 million pounds copper and 21,783 ounces gold compared to 17.1 million pounds copper and 8,328 ounces gold in the 2015 comparative quarter.

Total revenues during the September 2016 quarter were $97.1 million compared to $55.9 million during the 2015 comparative quarter. There were four concentrate shipments in the September 2016 quarter from the Red Chris mine (2015–three) and one concentrate shipment from the Mount Polley mine (2015–nil).

During the September 2016 quarter the Company's revenue was derived primarily from the sale of copper and gold in concentrate from the Red Chris and Mount Polley mines. The Red Chris mine accounted for 69.2% and Mount Polley mine accounted for 30.6% of the Company's revenue in the period. Copper accounted for 62.3% and gold accounted for 35.8% of the Company's revenue in the period. During the September 2015 comparative quarter the Company's revenue was derived primarily from the sale of copper and gold in concentrate from the Red Chris mine as the Mount Polley mine resumed operations on August 5, 2015 and had no revenue in the period. Copper accounted for 78.5% and gold accounted for 20.5% of the Company's revenue in the 2015 comparative period.

In US Dollars, the average London Metals Exchange cash settlement copper price was about 8.8% lower in the September 2016 quarter than in the 2015 comparative quarter, averaging US$2.17 per pound compared to US$2.38 per pound. The CDN Dollar strengthened by 0.3% in relation to the US Dollar in the September 2016 quarter over the 2015 comparative quarter. Factoring in the average exchange rate, the price of copper averaged CDN$2.83 per pound in the September 2016 quarter about 9.1% lower than the 2015 comparative quarter average of CDN$3.12 per pound.

The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,335 in the September 2016 quarter compared to US$1,124 in the 2015 comparative quarter. Factoring in the average exchange rate, the price of gold averaged CDN$1,742 per ounce in the September 2016 quarter about 18.4% higher than the 2015 comparative quarter average of CDN$1,471 per ounce.

Cost of Sales

expressed in thousands of dollars	Three Months Ended September 30	
	2016	2015
Operating expenses	$61,489	$32,326
Salaries, wages and benefits	18,450	7,080
Depletion and depreciation	19,011	8,944
Share based compensation	281	-
	$99,231	$48,350

Cost of sales for the September 2016 quarter were $99.2 million compared to $48.4 million in the 2015 comparative quarter. Cost of sales for the September 2016 quarter primarily reflects operations at the Red Chris and Mount Polley mines while in the 2015 comparative quarter primarily reflected operations at the Red Chris mine with minor amounts included for Mount Polley and Sterling mines.

Total cash costs in cost of sales, including operating expenses and salaries, wages and benefits, were $79.9 million for the September 2016 quarter compared to $39.4 million in the 2015 comparative quarter, an increase of $40.5 million. The $40.5 million increase included of $20.7 million from the Red Chris mine as the operation experienced higher costs in the September 2016 quarter compared to the September 2015 quarter and $20.0 million from the Mount Polley mine in the September 2016 quarter as the mine was not in operation until August 5, 2015 in the comparative September 2015 quarter. Total non-cash costs in cost of sales, including depletion and depreciation and share based compensation, were $19.3 million for the September 2016 quarter compared to $8.9 million in the 2015 comparative quarter, an increase of $10.4 million. The $10.4 million increase included $6.6 million from the Red Chris mine and $3.5 million from the Mount Polley mine related to depletion and depreciation.

Included in cost of sales for the September 2016 quarter are inventory impairments to net realizable value of $5.4 million compared to $4.4 million in the 2015 comparative quarter.

General and Administration Costs

expressed in thousands of dollars	Three Months Ended September 30	
	2016	2015
Administration	$780	$824
Share based compensation - corporate	413	95
Depreciation – corporate assets	32	179
Foreign exchange loss – operations (excluding debt)	234	364
	$1,459	$1,462

General and administration costs were $1.5 million in the September 2016 and September 2015 quarter. Administration costs decreased in 2016 primarily as a result of lower staff costs; share based compensation costs increased in 2016 as a result of options that were granted in December 2015; and foreign exchange losses on operational items denominated in US dollars were lower in 2016 compared to 2015.

The average CDN/US Dollar exchange rate for the September 2016 quarter was 1.305 compared to 1.309 in the 2015 comparative quarter. Foreign exchange losses are attributable to holding US Dollar denominated cash, accounts receivable, and accounts payable. These net US Dollar asset and liability balances are primarily the result of the activities at the Red Chris and Mount Polley mines.

Finance Costs

expressed in thousands of dollars	Three Months Ended September 30	
	2016	2015
Gain on derivative instruments	$1,096	$14,784
Interest expense	(16,778)	(16,164)
Foreign exchange loss on short term and non-current debt	(3,761)	(32,601)
Other	(286)	(397)
	$(19,729)	$(34,378)

The inclusion of gains and losses on derivative instruments results in large variances in finance costs. The Company does not apply hedge accounting for its derivative instruments and therefore marks to market the value of all its contracts. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous periods, due to changes in copper and gold price and foreign exchange rate, resulted in a gain of $1.1 million during the September 2016 quarter compared to a gain of $14.8 million in the 2015 comparative quarter. The ultimate gain or loss on any outstanding contracts will be determined by foreign exchange rates in the periods when these contracts settle.

Interest expense increased to $16.8 million in the September 2016 quarter from $16.2 million in the 2015 comparative quarter. The amount of non-current debt has remained at similar levels with $854.4 million outstanding at September 30, 2016 and September 30, 2015.

At September 30, 2016 the Company had US Dollar denominated debt of US$353.2 million compared to US$363.8 million at December 31, 2015. Foreign exchange gains and losses attributable to US denominated short and non-current debt reflect the foreign currency movement during the three months ended September 30, 2016 and resulted in a $3.5 million loss on the senior notes, $0.2 million loss on long term equipment loans and a $0.1 million loss on short term debt.

The change in the CDN Dollar to US Dollar exchange rate during the September 2016 quarter resulted in total foreign exchange losses of $4.0 million compared to total foreign exchange loss of $33.0 million in the 2015 comparative quarter.

Equity Income in Huckleberry

The Company’s 50% share of equity earnings from Huckleberry was a loss of $2.3 million for the September 2016 quarter compared to a loss of $0.8 million in the 2015 comparative quarter.

stated 100% - Imperial’s equity share is 50% expressed in thousands of dollars, except quantity amounts	Three Months Ended September 30	
	2016	2015
Copper – *000’s pounds sold*	*8,082*	*11,557*
Gold – *ounces sold*	*714*	*771*
Silver – *ounces* sold	*41,628*	*55,660*
Revenue before revaluations	$21,955	$32,452
Revenue revaluation	134	(5,326)
	$22,089	27,126
Cost of sales	(29,110)	(31,393)
Loss from mine operations	(7,021)	(4,267)
Other	(309)	455
Loss before taxes	(7,330)	(3,812)
Income and mining tax recovery	2,638	2,212
Net loss	$(4,692)	$(1,600)

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2015

This review of the results of operations should be read in conjunction with the Interim Financial Statements of the Company for the three and nine months ended September 30, 2016 and the audited consolidated financial statements of the Company for the year ended December 31, 2015.

Overview

Revenues increased to $350.1 million in the September 2016 period compared to $59.2 million in the 2015 comparative period, an increase of $290.9 million or 491.4%. This increase was due to growth in the revenue from both the Red Chris and Mount Polley mines. At the Red Chris mine revenue increased by $188.3 million in the 2016 period compared to the 2015 comparative period the mine entered commercial production on July 1, 2015 and was only earning for three months in the 2015 comparative period. Revenue from the Mount Polley mine was $105.4 million in the 2016 period compared to negative $0.2 million in the 2015 comparative period as the Mount Polley mine restarted operations on August 5, 2015 and had no revenue in the September 2015 period. Variations in revenue are impacted by the timing and quantity of concentrate shipments, metal prices and exchange rates, and period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date.

The Company had income from mine operations of $38.4 million in the September 2016 period compared to income of $2.9 million in the 2015 comparative period.

Net loss for the September 2016 period was $7.0 million ($0.09 per share) compared to a net loss of $61.1 million ($0.80 per share) in the 2015 comparative period. The decrease in net loss from the September 2015 period to the September 2016 period of $54.1 million was primarily due to the following factors:

- Income from mine operations went from income of $2.9 million in September 2015 to income of $38.4 million in September 2016, a decrease in net loss of $35.5 million.
- Foreign exchange gains/losses on current and non-current debt went from a loss of $63.7 million in September 2015 to a gain of $25.4 million in September 2016, an decrease in net loss of $89.1 million.
- Interest expense went from $21.1 million in September 2015 to $50.4 million in September 2016, an increase in net loss of $29.3 million.
- Loss/gain on derivative instruments went from gains of $25.3 million in September 2015 to losses of $5.8 million in September 2016, an increase in net loss of $31.1 million.
- Idle mine costs net of insurance recoveries went from a loss of $16.1 million in September 2015 to $nil in September 2016, a decrease in net loss of $16.1 million.
- Share of loss in Huckleberry went from a loss of $0.8 million in September 2015 to a loss of $8.0 million in September 2016, an increase in net loss of $7.2 million
- Tax expense/recovery went from a recovery of $7.3 million in September 2015 to an expense of $1.3 million in September 2016, an increase in net loss of $8.6 million.

Revenue

expressed in thousands of dollars, except quantity amounts	Nine Months Ended September 30	
	2016	2015
Revenue before revaluation	$347,685	$59,041
Revenue revaluation	2,408	146
	$350,093	$59,187

expressed in thousands of dollars, except quantity amounts				Nine Months Ended September 30, 2016
	Red Chris Mine	Mount Polley Mine	Sterling Mine	Total
Sales				
Copper – *000's pounds*	*72,321*	*19,623*	-	*91,944*
Gold – *ounces*	*43,952*	*34,822*	*111*	*78,885*
Silver – *ounces*	*172,731*	*71,390*	-	*244,121*
Revenue				
Copper	$171,451	$46,456	$ -	$217,907
Gold	69,036	57,452	177	126,665
Silver	3,601	1,481	-	5,082
	$244,088	$105,389	$177	$349,654
Corporate	-	-	-	439
Total Revenue	$244,088	$105,389	$177	$350,093

expressed in thousands of dollars, except quantity amounts				Nine Months Ended September 30, 2015
	Red Chris Mine	Mount Polley Mine	Sterling Mine	Total
Sales				
Copper – *000's pounds*	*17,088*	-	-	*17,088*
Gold – *ounces*	*8,328*	-	*2,054*	*10,382*
Silver – *ounces*	*30,793*	-	-	*30,793*
Revenue				
Copper	$43,929	$(192)	$ -	$43,737
Gold	11,447	-	2,951	14,398
Silver	385	-	-	385
	$55,761	$(192)	$2,951	$58,520
Corporate	-	-	-	667
Total Revenue	$55,761	$(192)	$2,951	$59,187

During the September 2016 period the Company sold 91.9 million pounds copper and 78,885 ounces gold compared to 17.1 million pounds copper and 10,382 ounces gold in the 2015 comparative period. Total revenues during the September 2016 period were $350.1 million compared to $59.2 million during the 2015 comparative period. There were fourteen concentrate shipments in the September 2016 period from the Red Chris mine (2015 – three) and four concentrate shipments from the Mount Polley mine (2015 – nil).

During the September 2016 period the Company's revenue was derived primarily from the sale of copper and gold in concentrate from the Red Chris and Mount Polley mines. The Red Chris mine accounted for 69.7% and Mount Polley mine accounted for 30.1% of the Company's revenue in the period. Copper accounted for 62.2% and gold accounted for 36.2% of the Company's revenue in the period. During the September 2015 comparative period revenue was primarily from the sale of copper and gold in concentrate from the Red Chris mine and gold from the Sterling mine as operations at Mount Polley mine were suspended due to the Mount Polley Breach until August 5, 2015.

In US Dollars, the average London Metals Exchange cash settlement copper price was about 17.4% lower in the September 2016 period than in the 2015 comparative period, averaging US$2.14 per pound compared to US$2.59 per pound. The CDN Dollar weakened by 4.8% compared to the US Dollar in the September 2016 period over the 2015 comparative period.

Factoring in the average exchange rate, the price of copper averaged CDN$2.83 per pound in the September 2016 period about 13.2% lower than the 2015 comparative period average of CDN$3.26 per pound.

The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,258 in the September 2016 period compared to US$1,179 in the 2015 comparative period. Factoring in the average exchange rate, the price of gold averaged CDN$1,664 per ounce in the September 2016 period about 12.0% higher than the 2015 comparative period average of CDN$1,486 per ounce.

Cost of Sales

expressed in thousands of dollars	Nine Months Ended September 30	
	2016	2015
Operating expenses	$184,707	$36,412
Salaries, wages and benefits	61,869	10,704
Depletion and depreciation	64,306	9,187
Share based compensation	835	-
	$311,717	$56,303

Cost of sales for the September 2016 period were $311.7 million compared to $56.3 million in the 2015 comparative period. Cost of sales for the September 2016 period primarily reflects operations at the Red Chris and Mount Polley mines while in the 2015 comparative quarter primarily reflected operations at the Red Chris and Sterling mines with minor amounts included for the Mount Polley mine.

Total cash costs in cost of sales, including operating expenses and salaries, wages and benefits, were $246.6 million for the September 2016 period compared to $47.1 million in the 2015 comparative quarter, an increase of $199.5 million. The $199.5 million increase was due to the following major factors: the September 2016 period from the Red Chris mine increased by $122.6 million compared to the September 2015 period as the mine entered commercial production on July 1, 2015 and therefore was only in operation for three months during the September 2015 period compared to nine months during the September 2016 period; the September 2016 period from the Mount Polley mine increased by $83.9 million compared to the September 2015 period as the mine was not in operation until August 5, 2015 in the comparative September 2015 period; the September 2016 period included $7.0 million less for the Sterling mine compared to the September 2015 period as the level of activity at Sterling has decreased.

Total non-cash costs in cost of sales, including depletion and depreciation and share based compensation, were $65.1 million for the September 2016 period compared to $9.2 million in the 2015 comparative period, an increase of $55.9 million. The $55.9 million increase included $35.6 million from the Red Chris mine and $19.5 million from the Mount Polley mine related to depletion and depreciation.

Included in cost of sales for the September 2016 period are inventory impairments to net realizable value of $14.6 million compared to $9.1 million in the 2015 comparative period.

General and Administration Costs

expressed in thousands of dollars	Nine Months Ended September 30	
	2016	2015
Administration	$2,865	$3,295
Share based compensation - corporate	1,297	292
Depreciation – corporate assets	295	537
Foreign exchange loss – operations (excluding debt)	1,013	1,358
	$5,470	$5,482

General and administration costs were $5.5 million in the September 2016 and September 2015 periods. Administration costs decreased in 2016 primarily as a result of lower staff costs; share based compensation costs increased in 2016 as a result of options that were granted in December 2015; and foreign exchange losses on operational items denominated in US dollars were lower in 2016 compared to 2015.

The average CDN/US Dollar exchange rate for the September 2016 period was 1.323 compared to 1.260 in the 2015 comparative period. Foreign exchange losses are attributable to holding US Dollar denominated cash, accounts receivable, and accounts payable. These net US Dollar asset and liability balances are primarily the result of the activities at the Red Chris and Mount Polley mines.

Finance Income (Costs)

expressed in thousands of dollars	Nine Months Ended September 30	
	2016	2015
(Loss) gain on derivative instruments	$(5,845)	$25,340
Interest expense	(50,432)	(21,095)
Foreign exchange gain (loss) on short term and non-current debt	25,401	(63,689)
Other	(582)	(758)
	$(31,458)	$(60,202)

The inclusion of gains and losses on derivative instruments results in large variances in finance costs. The Company does not apply hedge accounting for its derivative instruments and therefore marks to market the value of all its contracts. Changes in valuation of this derivative instrument position and the derivative instrument position carrying over from previous periods, due to changes in copper and gold price and foreign exchange rate, resulted in a loss of $5.8 million during the September 2016 period compared to a gain of $25.3 million in the 2015 comparative period. The ultimate gain or loss on any outstanding contracts will be determined by foreign exchange rates in the periods when these contracts settle.

Interest expense increased to $50.4 million in the September 2016 period from $21.1 million in the 2015 comparative period. This increase was primarily due to $24.4 million in interest capitalized to construction in progress as part of the construction of the Red Chris mine until June 30, 2015 and thereafter interest was expensed upon declaration of commercial production on July 1, 2015.

At September 30, 2016 the Company had US Dollar denominated debt of US$353.2 million compared to US$363.8 million at December 31, 2015. Foreign exchange gains and losses attributable to US denominated short and non-current debt reflect the foreign currency movement during the nine months ended September 30, 2016 and resulted in a $23.1 million gain on the senior notes, $1.8 million gain on long term equipment loans and a $0.5 million gain on short term debt.

The change in the CDN Dollar to US Dollar exchange rate during the September 2016 period resulted in total foreign exchange gains of $24.4 million compared to total foreign exchange losses of $65.0 million in the 2015 comparative period.

Equity Income in Huckleberry

The Company's 50% share of equity earnings from Huckleberry was a loss of $8.0 million for the September 2016 period compared to a loss of $0.8 million in the 2015 comparative period. The increase in loss was primarily attributable to a combination of lower metals prices, lower sales volumes and impairment charges on stockpile and concentrate inventory.

stated 100% - Imperial's equity share is 50% expressed in thousands of dollars, except quantity amounts	Nine Months Ended September 30	
	2016	2015
Copper – *000's pounds sold*	*22,210*	*33,910*
Gold – *ounces sold*	*1,851*	*2,301*
Silver – *ounces* sold	*113,398*	*156,698*
Revenue before revaluations	$59,402	$101,176
Revenue revaluation	2,132	(11,408)
	61,534	89,768
Cost of sales	(83,864)	(94,283)
Loss from mine operations	(22,330)	(4,515)
Other	(1,823)	1,301
Loss before taxes	(24,153)	(3,214)
Income and mining tax recovery	8,115	1,680
Net loss	$(16,038)	$(1,534)

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 Company's overall strategy remains unchanged from 2015.

The capital structure of the Company consists of short term debt, credit facilities, including 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, currency translation adjustment and retained earnings.

LIQUIDITY & CAPITAL RESOURCES

At September 30, 2016, the Company had cash of $3.9 million and a working capital deficiency of $49.0 million.

During the 2016 fiscal year the Company has completed a number of transactions to improve liquidity. These include the sale of US$75.0 million of the US$110.0 million cross currency swap for proceeds of $17.6 million, refinancing some of mobile equipment for proceeds of $7.5 million, and entering into the electricity payment deferral plan with the British Columbia Hydro and Power Authority with deferred payments to September 30, 2016 of $14.0 million.

Furthermore, in May 2016 the Company extended the maturity date of the senior credit facility from October 1, 2016 to March 15, 2018 and amended certain terms and conditions of the facility. Concurrently, the Company extended the maturity date of the second lien secured credit facility from April 1, 2017 to August 15, 2018 and amended certain of its terms and conditions.

The Company is currently reviewing various financing alternatives in order to improve its liquidity. The projected cash flow from the Red Chris and Mount Polley mines, as well as the available credit facilities and additional sources of new financing are expected to be sufficient to fund the working capital deficiency and the Company's obligations as they come due. However, there are inherent risks related to the operation of the Company's mines which could require additional sources of financing. There can be no assurance that adequate additional financing will be available on terms acceptable to the Company or at all which creates a material uncertainty that could have an adverse impact on the Company's financial condition and results of operations and may cast significant doubt on the Company's ability to continue as a going concern.

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 on an ongoing basis the funds required to support the Company's normal operating requirements and its planned capital expenditures. This process incorporates multiple sources of funding, including cash on hand, committed credit facilities, advance payment facilities with its customers and additional sources of new financings that are expected to provide the funds necessary to meet projected cash requirements.

At September 30, 2016 the Company's primary sources of credit are the long term financing arrangements comprised of a $200.0 million senior credit facility, a $50.0 million second lien credit facility, US$325.0 million senior unsecured notes, $145.0 million face value of unsecured convertible debentures, a $75.0 million unsecured junior credit facility, and $33.2 million in secured equipment loans.

The Company holds investments 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. 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 also holds derivative instruments which can readily be converted to cash depending on management's assessment of the fair value of the instruments versus the long term strategic value of the instruments.

There are a number of factors that have decreased the Company's overall liquidity risk relative to 2015. Increased operational cash flow from the Red Chris mine, the extension of the maturity dates and revisions to the terms and conditions of the senior credit facility and the second lien credit facility and the receipt of all necessary authorizations to return to normal mine operations at Mount Polley using its repaired and buttressed TSF are all factors that have decreased overall liquidity risk relative to 2015.

Factors that have increased liquidity risk in 2016 are the reduced annual production guidance as the Company is optimizing operations at Red Chris mine to increase throughput and recovery. In addition, average copper prices in CDN dollar terms were 13.2% lower for the September 2016 period compared to the September 2015 period and therefore this factor continues to impact liquidity risk. However, the benefit of the electricity payment deferral plan that the Company's operating mines have entered into with British Columbia Hydro and Power Authority in late September 2016 will mitigate cash needs related to this large input cost during periods of low copper prices. At September 30, 2016 deferred trade payables included $14.0 million related to the electricity payment deferral plan.

Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company although the Company considers this risk low as described in the *Credit Risk* section previously.

The Company had the following obligations with respect to financial instruments as of September 30, 2016:

expressed in thousands of dollars	Within 1 Year	2 to 3 Years	4 to 5 Years	Over 5 Years	Total
Trade and other payables	$86,268	$ -	$ -	$ -	$86,268
Deferred trade payables	14,020	-	-	-	14,020
Short term debt	20,671	-	-	-	20,671
Non-current debt*	14,815	295,946	545,259	30,047	886,067
	$135,774	$295,946	$545,259	$30,047	$1,007,026

*Amounts shown are gross obligations at maturity date.

Liquidity and Working Capital Enhancements

Electricity Payment Deferral Plan

In January 2016 the Government of British Columbia announced that it would provide assistance to copper and coal mines during the current low commodity price environment. The mechanism for this assistance was completed in March 2016 when the British Columbia Hydro and Power Authority ("BC Hydro") received approval from the British Columbia Utilities Commission for a tariff supplement that allows a mining customer to defer payment on up to 75% of the monthly electricity billing (the "Payment Plan") depending on the average London Metals Exchange ("LME") settlement copper price converted to CDN dollars at the Bank of Canada's daily average closing exchange rate. The period for calculating the copper price in CDN dollars is the 30 day period prior to the billing date on the 15th of each month.

Interest on the deferred payment amounts is charged and added to the deferred payment balance at Bank Prime Rate plus 5%, except for the Huckleberry mine, which has a fixed interest rate of 12%.

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

Joining the Payment Plan does not change mine operating costs and increases interest expense, however, it does provide the Company with increased liquidity when copper prices are below CDN$3.40 per pound. Payment of any balance under the Payment Plan is due at the end of the five year term.

Joining the Payment Plan was optional and in March 2016 the Red Chris, Mount Polley and Huckleberry mines joined the Payment Plan with the resulting payment deferral being effective for the March 2016 electricity billings onwards. At the maximum discount of 75% the estimated monthly payment deferral for the Red Chris and Mount Polley mines would be approximately $1.8 million and as at September 30, 2016 the Company had deferred $14.0 million under the Payment Plan for the Red Chris and Mount Polley mines.

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, 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 September 2016 period would have been higher/lower by $36.8 million.

Cash Flow

Cash flow was $108.0 million in the September 2016 period compared to cash flow of $12.0 million in the 2015 comparative period.

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. Refer to *Cash Flow and Cash Flow per share* under *Non-IFRS financial measures* for further details.

Working Capital

At September 30, 2016 the Company had a working capital deficiency, defined as current assets less current liabilities, of $49.0 million, an increase of $15.2 million from a working capital deficiency of $33.8 million at September 30, 2015.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totaled $62.2 million in the September 2016 period compared to $117.9 million in the 2015 comparative quarter.

expressed in thousands of dollars	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Capital and Development Expenditures				
Red Chris (including capitalized interest of $nil (2015-$24,441))	$22,654	$21,991	$40,543	$89,525
Mount Polley	4,522	2,002	20,937	27,533
Sterling	-	-	-	29
Other	5	-	18	5
	27,181	23,993	61,498	117,092
Exploration Expenditures				
Red Chris	16	15	31	20
Mount Polley	20	12	273	77
Sterling	23	17	38	85
Other	233	252	325	635
	292	296	667	817
	$27,473	$24,289	$62,165	$117,909

The Company completed major construction activities at Red Chris mine in June 2015 and declared commercial production on July 1, 2015 which resulted in the significant reduction of capital expenditures in the September 2016 period compared to 2015 comparative period.

DERIVATIVE INSTRUMENTS

In the September 2016 quarter the Company recorded net gains on derivative instruments of $1.1 million compared to net gains of $14.8 million in the 2015 comparative quarter. The $1.1 million gain in the September 2016 quarter consisted of a $0.3 million realized gain and a $0.8 million unrealized gain on the foreign currency swaps. In the 2015 comparative quarter the $14.8 million gain consisted of a realized gain of $2.2 million on gold derivative instruments, a realized gain of $0.5 million on the foreign currency swaps, an unrealized loss of $0.2 million for gold derivative instruments and an unrealized gain of $12.3 million on the foreign currency swap. The gains or losses in derivative instruments result from the mark to market valuation of the instruments based on changes, depending on the instrument, in the price of copper and gold and movements in the CDN/US exchange rate.

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 has utilized a variety of derivative instruments including the purchase of puts, forward sales, currency swaps 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 rates compared to the copper and gold prices and CDN/US exchange rate at the time when these contracts were entered into or the latest balance sheet date and the type and length of time to maturity of the contracts.

The Company had no derivative instruments for copper or gold at September 30, 2016 or at the date of this document.

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 Dollar for each US Dollar. During the March 2016 quarter the Company sold US$20.0 million of the cross currency swap for proceeds of $5.7 million. Based on the September 30, 2016 CDN/US Dollar exchange rate the Company had an unrealized gain of $18.4 million on the derivative instruments related to the swap.

In October 2016 the Company sold an additional US$55.0 million of the cross currency swap for proceeds of $11.9 million leaving in place a cross currency swap balance of US$35.0 million of the original US$110.0 cross currency swap.

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

DEBT AND OTHER OBLIGATIONS

Non-Current Debt

At September 30, 2016 the Company's non-current debt was comprised of the following:

- A secured revolving senior credit facility of $200.0 million
- A secured revolving second lien credit facility of $50.0 million
- An unsecured junior credit facility of $75.0 million
- Senior unsecured notes of US$325.0 million
- Convertible debentures with a face value of $145.0 million
- A variety of equipment loans denominated in both CDN Dollars and US Dollars

During the March 2016 quarter the Company refinanced some of its mobile equipment for gross proceeds of $7.5 million. These loans are secured by the refinanced equipment, bear an interest rate of 5.95%, require monthly payments of $0.2 million and will be fully repaid by March 2020.

During the June 2016 quarter the Company extended the maturity date of the senior credit facility to March 15, 2018 and amended certain of its terms and conditions. The amount of the facility has not changed and remains at $200.0 million. Effective January 1, 2016 the financial covenants have been amended to reflect the impact of reduced commodity prices. The interest rate charged under the amended facility will fluctuate with the financial leverage of the Company. The interest rate in the prior agreement was not linked to the Company's financial leverage.

Concurrently, the Company extended the maturity date of the second lien credit facility from April 1, 2017 to August 15, 2018 and amended certain of its terms and conditions, including financial covenants. The changes to this facility are the same as those in the senior credit facility except there is no change in interest rate from the prior agreement. Concurrent with the changes to this facility the fee paid to a related party for guaranteeing this facility has been amended to fluctuate with the financial leverage of the Company on the same basis as the interest rate will fluctuate under the amended senior credit facility.

During the June 2016 quarter the Company entered into two equipment loans totalling $0.8 million, bearing interest rates of 4.91% and 5.45% and maturity dates of 24 and 60 months.

Detailed disclosure on the Company's non-current debt including amounts owed, interest rates and security can be found in Note 11 of the Interim Financial Statements.

Financial Covenants

Giving effect to the covenant amendments in May 2016 on the senior credit facility and second lien credit facility, the Company has the following financial covenants related to its various debt agreements:

- Fixed charge coverage ratio
- Total debt to EBITDA ratio
- Secured debt to EBITDA ratio
- Tangible net worth test

As at the date of this document the Company continues to be in full compliance with all financial covenants under its debt agreements.

Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding borrowings. At September 30, 2016 $226.6 million of the Company's debt was at floating interest rates compared to December 31, 2015 when $240.6 million of the Company's debt was 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.

Contractual Obligations

The Company had the following contractual obligations as of September 30, 2016:

expressed in thousands of dollars	2016	2017	2018	2019	2020 and beyond	Total
Non-current debt[1]	$3,659	$89,935	$217,167	$429,645	$145,661	$886,067
Short term debt	20,671	-	-	-	-	20,671
Operating leases	159	316	99	87	14	675
Capital expenditures	9,273	2,500	-	-	-	11,773
Reclamation bonding	673	2,861	1,740	-	-	5,274
Mineral properties [2]	362	443	558	562	1,518	3,443
Northwest transmission line tariff	2,383	14,300	14,300	14,300	11,917	57,200
	$37,180	$110,355	$233,864	$444,594	$159,110	$985,103

(1) Amounts shown are gross obligations at maturity date.

(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 2021 only.

At September 30, 2016 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 date of the statement of financial position. The quoted market price used for financial assets held by the Company is the current bid price.

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

The carrying value less impairment provision, if necessary, of trade and other receivables, and trade and other payables, are assumed to approximate their fair values. Except for the Notes management believes that the carrying value of remaining non-current debt approximates fair value. At September 30, 2016 the fair value of the Notes is $399.4 million (December 31, 2015-$425.1 million) based on a quote received from dealers that trade the Notes.

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

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
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, 2016 as follows:

expressed in thousands of dollars	Level 1	Level 2	Total
Financial assets			
Cash	$3,908	$ -	$3,908
Marketable securities	148	-	148
Provisionally priced receivables	-	9,641	9,641
Derivative instruments assets	-	18,417	18,417
Future site reclamation deposits	4,570	-	4,570
	8,626	28,058	36,684
Financial liabilities			
Amounts owing on provisionally priced receivables	-	(1,454)	(1,454)
	$8,626	$26,604	$35,230

SELECT QUARTERLY FINANCIAL INFORMATION

Unaudited - expressed in thousands of dollars, except per share amounts, prices and exchange rates

	Three Months Ended			
	September 30 2016	June 30 2016	March 31 2016	December 31 2015
Total revenues	$97,108	$116,200	$136,785	$69,514
Equity loss in Huckleberry	$(2,346)	$(1,697)	$(3,976)	$(2,269)
Net (loss) income	$(20,589)	$(4,160)	$17,729	$(35,877)
Basic (loss) income per share [1]	$(0.25)	$(0.05)	$0.22	$(0.44)
Diluted (loss) income per share [1]	$(0.25)	$(0.05)	$0.22	$(0.44)
Adjusted net (loss) income [2]	$(19,710)	$(1,214)	$1,199	$(22,882)
Adjusted net (loss) income per share[1] [2]	$(0.24)	$(0.01)	$0.01	$(0.28)
Adjusted EBITDA [2]	$14,380	$38,791	$45,875	$1,149
Cash flow [2]	$18,244	$40,327	$49,425	$2,843
Cash flow per share [1] [2]	$0.22	$0.49	$0.60	$0.03
Average LME copper price/lb in US$	$2.17	$2.14	$2.12	$2.22
Average LME gold price/troy oz in US$	$1,335	$1,259	$1,181	$1,104
Average CDN/US$ exchange rate	$1.305	$1.289	$1.375	$1.335
Period end CDN/US$ exchange rate	$1.312	$1.301	$1.297	$1.384

	September 30 2015	June 30 2015	March 31 2015	December 31 2014
Total revenues	$55,928	$1,726	$1,533	$5,841
Equity (loss) income in Huckleberry	$(800)	$626	$(593)	$(1,295)
Net (loss) income	$(29,344)	$1,644	$(33,384)	$(9,134)
Basic (loss) income per share [1]	$(0.37)	$0.02	$(0.45)	$(0.12)
Diluted (loss) income per share [1]	$(0.37)	$0.02	$(0.45)	$(0.12)
Adjusted net loss [2]	$(9,379)	$(9,371)	$(8,012)	$(8,683)
Adjusted net loss per share[1] [2]	$(0.12)	$(0.12)	$(0.11)	$(0.12)
Adjusted EBITDA [2]	$13,871	$(7,840)	$(6,145)	$(4,686)
Cash flow [2]	$15,784	$2,270	$(6,061)	$10,536
Cash flow per share [1] [2]	$0.20	$0.03	$(0.08)	$0.14
Average LME copper price/lb in US$	$2.38	$2.74	$2.64	$3.000
Average LME gold price/troy oz in US$	$1,124	$1,193	$1,219	$1,201
Average CDN/US$ exchange rate	$1.309	$1.229	$1.241	$1.136
Period end CDN/US$ exchange rate	$1.339	$1.247	$1.268	$1.160

(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.

The financial information for each of the most recently completed eight quarters has been prepared in accordance with IFRS 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 three 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 foreign exchange rates on US Dollar denominated debt, changes in production cost inputs and changes in tax rates.
(c) Rehabilitation costs and related insurance recoveries for the August 4, 2014 Mount Polley Breach. While the primary impact of this item was in the September 2014 quarter, the recording of insurance recoveries and any revisions to the rehabilitation provision impacts periods subsequent to September 30, 2014 as insurance proceeds are received. Insurance recoveries of $14.0 million were received and recorded in the December 2014 quarter and $11.0 million were received and recorded in the June 2015 quarter.

In addition to the variations in quarterly results caused by the primary factors discussed above the following periods had non-recurring transactions that further impacted net income:

(a) The net loss in the December 2014 quarter was primarily due to the sharply reduced revenues resulting from the suspension of operations at Mount Polley in August 2014, due to higher foreign exchange losses on revaluation of the Company's US Dollar denominated debt, and partially offset by insurance recoveries of $14.0 million.
(b) The higher net loss in the June 2015 quarter was the result of no production or sales from Mount Polley and large foreign exchange losses on revaluation of the Company's US Dollar denominated debt.
(c) The net income in the June 2015 quarter is largely the result of $11.0 million in insurance recoveries.
(d) The large net losses in the September and December 2015 quarters were primarily due to large foreign exchange losses on revaluation of the Company's US Dollar denominated debt, partially offset by earnings from the Red Chris mine as it commenced commercial production on July 1, 2015 and the restart of the Mount Polley mine on August 5, 2015.
(e) The net income in the March 2016 quarter was primarily due to the continued increase in production at the Red Chris mine and the Mount Polley mine being operated at closer to nameplate capacity and included foreign exchange gains on current and non-current debt of $30.7 million on revaluation of the Company's US Dollar denominated debt and net unrealized and realized losses of $7.3 million related to derivative instruments.
(f) The net loss in the June 2016 quarter was primarily due to an increase in finance costs which were $18.4 million in the June 2016 quarter compared to finance income of $6.7 million in the March 2016 quarter and finance income of $1.7 million in the June 2015 quarter. Lower realized foreign exchange gains and lower amounts of interest expense capitalized in the June 2016 quarter were the primary reasons for the increase in finance costs.
(g) The primary reason for the increase in net loss in the September 2016 quarter compared to the June and March 2016 quarters was a decrease in income from mine operations due to an increase in costs and decrease in grade leading to lower sales volumes. The Company incurred a loss from mine operations of $2.1 million in the September 2016 quarter compared to income from mine operations of $20.2 million in the June 2016 quarter and $20.3 million in the March 2016 quarter.

RELATED PARTY TRANSACTIONS

Corporate

The Company incurred the transactions and balances noted below in the normal course of operations. Expenses have been measured at the fair value which is determined on a cost recovery basis. Related party transactions and balances with N. Murray Edwards, a significant shareholder, Edco Capital Corporation ("Edco"), a company controlled by N. Murray Edwards, companies in which directors are owners, and with directors and officers are as follows:

Statement of Income

expressed in thousands of dollars

		Three Months Ended September 30		Nine Months Ended September 30	
		2016	2015	2016	2015
Loan guarantee fee for guarantee of second lien credit facility	(a)	$362	$250	$923	$711
Loan commitment fee	(h)	$ -	$ -	$ -	$300
Interest expense	(f)	$3,972	$4,329	$11,904	$10,856
Fees to backstop financings - cash	(i)	$ -	$556	$ -	$556

Statement of Financial Position

expressed in thousands of dollars

		September 30 2016	December 31 2015
Accrued interest on senior unsecured notes and convertible debentures	(f)	$2,959	$1,882
Junior credit facility	(b)	$75,000	$75,000
Senior Unsecured notes (US$53,300)	(c)	$69,914	$73,767
Convertible debentures	(d)(g)	$57,600	$57,600
Trade and other payables	(e)	$ -	$4

(a) The loan guarantee fee is related to the guarantee by Edco of the second lien credit facility which provided additional liquidity for the commissioning of the Red Chris mine.

(b) The $75.0 million junior credit facility from N. Murray Edwards was used to fund any cost overruns at the Red Chris mine and for general working capital purposes.

(c) N. Murray Edwards, directors and officers hold US$53.3 million of the US$325.0 million senior unsecured notes offering which closed in March 2014 and provided part of the long term financing for the Red Chris mine.

(d) N. Murray Edwards holds $40.0 million of the $115.0 million convertible debentures in September 2015 which provided funding for completing and commissioning the Red Chris mine, remediating the effects of the Mount Polley Breach, and for ongoing operations.

(e) Trade and other payables relate to mine operating services supplied in the normal course by a company in which Mr. Yurkowski, a director, is an owner.

(f) Interest expense in the 2016 period is related to the senior unsecured notes, the junior credit facility and the convertible debentures.

(g) N. Murray Edwards and directors purchased $17.6 million of the $30.0 million Convertible Debenture Private Placement which closed on August 24, 2015.

(h) The loan commitment fee in the 2015 period was paid to Edco and relates to the $30.0 million line of credit facility entered into in May 2015. The line of credit was repaid in August 2015.

(i) In the 2015 period the fees paid to backstop financings totaled $0.6 million for guarantees provided by N. Murray Edwards to purchase 66.67% of all the common shares that remain unsubscribed for by right-holders in the Rights Offering, purchase 66.67% of the Common Share Private Placement, and to purchase 66.67% of all the convertible debentures which remain unpurchased under the Convertible Debenture Private Placement. In exchange for backstopping these financings, the Company agreed to pay N. Murray Edwards a fee of 3% of the gross proceeds of the Financings, excluding proceeds from (i) the exercise of Rights issued in respect of common shares owned or over which N. Murray Edwards and Fairholme Partnership L.P. and their affiliates have control and (ii) the sale of common shares and convertible debentures that N. Murray Edwards and Fairholme Partnership L.P. and their affiliates have committed to purchase pursuant to the Common Share Private Placement and the Convertible Debenture Private Placement.

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 at November 14, 2016 the Company had 81,768,528 common shares outstanding, and on a diluted basis 97,816,179 common shares outstanding. Additional information about the Company is available on *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 is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. The Company's internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

(1) pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of the assets of the Company;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

There have been no changes in the Company's internal controls over financial reporting and disclosure controls and procedures during the period ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

Limitations on Controls and Procedures

The Company's management believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well designed and operated, can only provide reasonable and not absolute assurance that the objectives of the control system are met. Therefore, even those systems determined effective cannot provide absolute assurance that all control issues and instances of fraud within the Company, if any, have been prevented or detected.

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 condensed consolidated interim financial position or financial performance.

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, BC was breached and at September 30, 2016 the Company has a provision of $3,385 for future rehabilitation activities related to the Mount Polley Breach (Note 18). The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required and is subject to revision in the future as further information becomes available to the Company.

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the Claim). The Company has engaged independent legal counsel to advise it on this matter. At this time the Company cannot predict the outcome of the Claim or determine the amount of any potential losses and accordingly, no provision has been made as of September 30, 2016. However, the Company is of the view that the allegations contained in the Claim are without merit and intends to vigorously defend its position.

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 in the audited Consolidated Financial Statements for the year ended December 31, 2015. 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. The risks also include forward-looking information, and our actual results may differ substantially from those discussed in these forward-looking information. Refer to *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

The base and precious metals production targeted for 2016 from the Red Chris mine was originally 90-100 million pounds copper and 60-70 thousand ounces gold. Following the production results for the third quarter, these targets have been revised to 85-90 million pounds copper and 45-50 thousand ounces gold. The target for 2016 production at Mount Polley is 27-29 million pounds copper and 48-52 thousand ounces gold. Quarterly revenues will fluctuate depending on copper and gold prices, the CDN/US Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

Exploration

Imperial has interests in several exploration properties located in Canada. However, the Company's focus is currently to minimize exploration expenditures on non-core projects. Only minimum exploration work is being undertaken on all projects. The prospecting work conducted as part of this minimum work program has been successful in the discovery two new showings.

On the LJ property located 35 kilometres north-northeast of Revelstoke, BC, prospecting was successful in discovering the source of the zinc-lead-silver high grade boulders below the toe of a receding glacier. The sphalerite-galena-pyrite outcrop was channel sampled using a diamond saw with weighted assay results of 6.44% zinc, 5.26% lead and 3.05 g/t silver over a width of 5.3 metres separated by a 10 metre interval of lower grade material and another parallel interval of 5.98% zinc, 3.34% lead and 1.97 g/t silver over 5.0 metres. True width of these samples is estimated to be 82% of the cut width. The mineralization coincides with 650 metre surface electromagnetic anomalies which are open in both directions along strike.

On the Giant Copper property, located 40 kilometres east of Hope, BC, soil sampling outlined a strong gold anomaly 250 metres by 400 metres in size on a previously unexplored portion of the property. A grab sample from an oxidized quartz-carbonate veined sandstone rock outcrop above the anomaly assayed 5.53 g/t gold. Follow-up sampling has been completed with additional work planned for 2017.

Development

At Red Chris, achieving design copper recovery continues to be a challenge. We are making some progress as the recoveries this quarter are up from the same quarter last year. In both these periods high clay near surface ores from the Main zone provided the majority of the feed. Test work has indicated that more flotation time is likely required to increase rougher recoveries. As a first step in increasing copper rougher recoveries, design work is underway to install an additional 160 cubic metre rougher cell that was in the Company's inventory. The cell is now onsite and installation of this cell targeted for year end.

At Mount Polley, an access ramp from the Boundary zone has been driven to within about 100 metres of the Martel zone to provide access for an underground drilling program. An initial underground drilling program of approximately 5,000 metres to further define a portion of the Martel zone located beneath the Wight pit is planned to start in December. Successful drilling could lead to development and mining of this zone next year.

Huckleberry mine operations were suspended on August 31, 2016 and the mine has been placed on care and maintenance pending an increase in the price of copper. It is a testament to the professionalism of the crew at Huckleberry and their dedication to safety that the orderly suspension of operations was completed without a lost time accident.

Acquisitions

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

Condensed Consolidated Interim Financial Statements (unaudited)

For the Three and Nine Months Ended September 30, 2016 and 2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management
expressed in thousands of Canadian dollars

	Notes	September 30 2016	December 31 2015
ASSETS			
Current Assets			
Cash		$3,908	$9,188
Marketable securities		148	86
Trade and other receivables	3	15,052	12,033
Inventory	4	68,738	67,540
Prepaid expenses and deposits		3,773	2,162
		91,619	91,009
Derivative Instrument Assets	12	18,417	30,632
Investment in Huckleberry Mines Ltd.	5	81,715	89,734
Mineral Properties	6	1,265,308	1,261,557
Other Assets	7	5,697	6,420
		$1,462,756	$1,479,352
LIABILITIES			
Current Liabilities			
Trade and other payables	8	$86,268	$79,084
Deferred trade payables	9	14,020	-
Taxes payable		1,356	985
Short term debt	10	20,671	24,754
Provision for rehabilitation costs	18	3,385	2,123
Current portion of non-current debt	11	14,815	181,957
Current portion of future site reclamation provisions		55	58
		140,570	288,961
Non-Current Debt	11	839,630	707,750
Future Site Reclamation Provisions	13	39,946	32,685
Deferred Income Taxes		72,904	73,809
		1,093,050	1,103,205
EQUITY			
Share Capital	14	178,815	178,730
Share Option Reserve	14	16,882	14,789
Warrant Reserve		-	870
Equity Component of Convertible Debentures	11	25,534	25,534
Currency Translation Adjustment		7,570	9,169
Retained Earnings		140,905	147,055
		369,706	376,147
		$1,462,756	$1,479,352
Commitments and Pledges	4, 6, 26		
Contingent Liabilities	27		

See accompanying notes to these condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on November 14, 2016

/s/ Larry G. Moeller — Director

/s/ J. Brian Kynoch — Director

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

For the Three and Nine Months Ended September 30, 2016 and 2015

Unaudited – Prepared by Management

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

		Third Quarter		Year to Date	
		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	2016	2015	2016	2015
Revenue		$97,108	$55,928	$350,093	$59,187
Cost of Sales	15	(99,231)	(48,350)	(311,717)	(56,303)
(Loss) Income from Mine Operations		(2,123)	7,578	38,376	2,884
General and Administration	16	(1,459)	(1,462)	(5,470)	(5,482)
Finance Costs	17	(19,729)	(34,378)	(31,458)	(60,202)
Idle Mine Costs		-	(5,050)	-	(16,120)
Insurance Recoveries		-	-	-	11,000
Other Income		840	-	827	289
Share of Loss in Huckleberry	5	(2,346)	(800)	(8,019)	(767)
Loss before Taxes		(24,817)	(34,112)	(5,744)	(68,398)
Income and Mining Tax Recovery (Expense)	19	4,228	4,768	(1,276)	7,314
Net Loss		(20,589)	(29,344)	(7,020)	(61,084)
Other Comprehensive Income (Loss)					
Items that may be subsequently reclassified to profit or loss					
Currency translation adjustment		236	2,117	(1,599)	4,312
Total Comprehensive Loss		$(20,353)	$(27,227)	$(8,619)	$(56,772)
Loss Per Share					
Basic	20	$(0.25)	$(0.37)	$(0.09)	$(0.80)
Diluted	20	$(0.25)	$(0.37)	$(0.09)	$(0.80)
Weighted Average Number of Common Shares Outstanding					
Basic	20	81,762,251	78,263,515	81,761,439	76,079,477
Diluted	20	81,762,251	78,263,515	81,761,439	76,079,477

See accompanying notes to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2016 and 2015

Unaudited – Prepared by Management

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

	Share Capital		Share		Equity Component of	Currency		
	Number of Shares	Amount	Option Reserve	Warrant Reserve	Convertible Debentures	Translation Adjustment	Retained Earnings	Total
Balance December 31, 2014	74,968,768	$123,859	$14,468	$870	$20,906	$3,875	$244,016	$407,994
Issued on exercise of options	1,500	16	(7)	-	-	-	-	9
Issue of shares for payment of interest on convertible debentures	555,677	5,690	-	-	-	-	-	5,690
Convertible debentures issued	-	-	-	-	4,628	-	-	4,628
Private placement	714,286	5,898	-	-	-	-	-	5,898
Rights offering	5,500,797	43,075	-	-	-	-	-	43,075
Share based compensation expense	-	-	316	-	-	-	-	316
Total comprehensive income (loss)	-	-	-	-	-	4,312	(61,084)	(56,772)
Balance September 30, 2015	81,741,028	$178,538	$14,777	$870	$25,534	$8,187	$182,932	$410,838
Balance December 31, 2015	81,761, 028	$178,730	$14,789	$870	$25,534	$9,169	$147,055	$376,147
Shares issued for exercised options	7,500	85	(39)	-	-	-	-	46
Share based compensation expense	-	-	2,132	-	-	-	-	2,132
Expiry of warrants	-	-	-	(870)	-	-	870	-
Total comprehensive loss	-	-	-	-	-	(1,599)	(7,020)	(8,619)
Balance September 30, 2016	81,768,528	$178,815	$16,882	$ -	$25,534	$7,570	$140,905	$369,706

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, 2016 and 2015

Unaudited – Prepared by Management

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

		Third Quarter Three Months Ended September 30		Year to Date Nine Months Ended September 30	
	Notes	2016	2015	2016	2015
OPERATING ACTIVITIES					
Loss before taxes		$(24,817)	$(34,112)	$(5,744)	$(68,398)
Items not affecting cash flows					
Share of loss in Huckleberry		2,346	800	8,019	767
Depletion and depreciation		19,043	10,474	64,601	13,665
Share based compensation		694	103	2,132	316
Accretion of future site reclamation provisions		231	212	689	632
Unrealized foreign exchange losses (gains)		4,403	34,300	(24,563)	65,388
(Gains) losses on derivative instruments		(768)	(12,153)	12,214	(21,403)
Interest expense		16,778	16,164	50,432	21,095
Other		334	(4)	216	(69)
		18,244	15,784	107,996	11,993
Net change in non-cash operating working capital balances	21	(845)	13,682	2,682	(15,037)
Income and mining taxes paid		(1,000)	-	(1,870)	-
Income and mining taxes recovered		1,013	44	1,013	44
Interest paid		(18,171)	(21,294)	(47,385)	(43,266)
Cash (used in) provided by operating activities		(759)	8,216	62,436	(46,266)
FINANCING ACTIVITIES					
Proceeds of short term debt		85,554	58,226	278,983	133,867
Repayment of short term debt		(80,567)	(73,242)	(282,584)	(119,076)
Proceeds of non-current debt		34,669	54,577	58,414	145,385
Repayment of non-current debt		(21,198)	(48,805)	(76,327)	(60,075)
Issue of share capital		46	48,974	46	48,983
Cash provided by (used in) financing activities		18,504	39,730	(21,468)	149,084
INVESTING ACTIVITIES					
Acquisition and development of mineral properties		(27,473)	(24,289)	(61,351)	(93,468)
Net change in non-cash investing working capital balances	21	9,543	(33,632)	15,933	(21,890)
Proceeds on sale of mineral properties		-	-	32	83
Other		-	(3)	-	(15)
Cash used in investing activities		(17,930)	(57,924)	(45,386)	(115,290)
EFFECT OF FOREIGN EXCHANGE ON CASH		29	380	(862)	479
DECREASE IN CASH		(156)	(9,598)	(5,280)	(11,993)
CASH, BEGINNING OF PERIOD		4,064	17,518	9,188	19,913
CASH, END OF PERIOD		$3,908	$7,920	$3,908	$7,920

See accompanying notes to these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

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

The Company's key projects are:

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

These unaudited 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 service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due. The Company has in place a planning, budgeting and forecasting process to determine the funds required to support the Company's operations and expansionary plans.

At September 30, 2016 the Company had cash of $3,908 and a working capital deficiency of $48,951, which included $14,020 deferred trade payables (Note 9) compared to a working capital deficiency of $197,952 at December 31, 2015, which included $166,072 related to the senior secured revolving credit facility.

In May 2016 the Company extended the maturity date of the $200,000 senior secured revolving credit facility to March 15, 2018 and modified certain terms and conditions of the senior secured revolving credit facility (Note 11(a)). Concurrently, the Company extended the maturity date of the second lien secured revolving credit facility from April 1, 2017 to August 15, 2018 and modified certain terms and conditions (Note 11(b)).

The Company is currently reviewing various financing alternatives in order to improve its liquidity. The projected cash flow from the Red Chris and Mount Polley mines, as well as the available credit facilities and additional sources of new financing are expected to be sufficient to fund the working capital deficiency and the Company's obligations as they come due. However, there are inherent risks related to the operation of the Company's mines which could require additional sources of financing. There can be no assurance that adequate additional financing will be available on terms acceptable to the Company or at all which creates a material uncertainty that could have an adverse impact on the Company's financial condition and results of operations and may cast significant doubt on the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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, 2015.

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, 2015 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, 2015.

Changes in Accounting Standards Not Yet Effective

Financial Instruments

The International Accounting Standards Board ("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 consolidated 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, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16 – *Leases* ("IFRS 16") which replaces IAS 17 – *Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impacts the standards will have on its consolidated financial statements.

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

3. TRADE AND OTHER RECEIVABLES

	September 30 2016	December 31 2015
Trade receivables	$14,525	$10,557
Taxes receivable	527	1,476
	$15,052	$12,033

4. INVENTORY

	September 30 2016	December 31 2015
Stockpile ore	$5,826	$5,091
Dore	27	180
Concentrate	29,339	36,458
Supplies	33,546	25,811
	$68,738	$67,540

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Inventory recognized as expense during the period	$73,089	$35,964	$226,435	$43,639
Impairment charges on stock pile, ore under leach and concentrate inventory included in expense during the period	$5,425	$4,429	$14,629	$9,103

As at September 30, 2016 the Company had $68,738 (December 31, 2015-$67,540) of inventory pledged as security for debt.

expressed in thousands of Canadian dollars, except share and per 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 mine, currently on care and maintenance, is located 88 kilometres from 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. Huckleberry sells copper concentrate to smelters owned by the Company's joint venture partners.

	Nine Months Ended September 30 2016	Year Ended December 31 2015
Balance, beginning of period	$89,734	$92,770
Share of loss for the period	(8,019)	(3,036)
Balance, end of period	$81,715	$89,734

Summarized financial information for Huckleberry is as follows [(1)]:

Statement of Financial Position *stated 100% - Imperial's equity share is 50%*	Nine Months Ended September 30 2016	Year Ended December 31 2015
ASSETS		
Current Assets		
Cash	$20,980	$19,782
Other current assets	11,477	20,429
	32,457	40,211
Mineral Properties	179,233	187,687
Other Non-Current Assets	18,840	20,046
	$230,530	$247,944
LIABILITIES		
Current Liabilities		
Trade and other payables	$11,569	$13,043
Other current liabilities	411	494
	11,980	13,537
Future Site Reclamation Provisions	54,990	48,735
Other Non-Current Liabilities	129	6,203
	67,099	68,475
EQUITY		
Share Capital	57,596	57,596
Retained Earnings	105,835	121,873
	163,431	179,469
	$230,530	$247,944

[(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, 2016 and 2015

Unaudited – Prepared by Management

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

Statement of (Loss) Income and Comprehensive (Loss) Income

stated 100% - Imperial's equity share is 50%

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Revenue	$22,089	$27,126	$61,534	$89,768
Cost of Sales	(29,110)	(31,393)	(83,864)	(94,283)
Loss from Mine Operations	(7,021)	(4,267)	(22,330)	(4,515)
General and Administration	96	746	(741)	1,879
Finance Costs	(405)	(291)	(1,082)	(578)
Loss Before Taxes	(7,330)	(3,812)	(24,153)	(3,214)
Income and Mining Tax Recovery	2,638	2,212	8,115	1,680
Net Loss and Comprehensive Loss	$(4,692)	$(1,600)	$(16,038)	$(1,534)

Statement of Cash Flows

stated 100% - Imperial's equity share is 50%

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
OPERATING ACTIVITIES				
Net Loss before taxes	$(7,330)	$(3,812)	$(24,153)	$(3,214)
Items not affecting cash flows				
Depletion and depreciation	6,849	5,620	20,433	16,290
Unrealized foreign exchange loss	8	290	393	409
Other	219	344	889	1,063
	(254)	2,442	(2,438)	14,548
Net change in non-cash operating working capital balances	6,724	17,916	5,436	14,025
Income and mining taxes paid	-	1,309	-	(2,097)
Cash provided by operating activities	6,470	21,667	2,998	26,476
INVESTING ACTIVITIES				
Acquisition and development of mineral properties	(1,064)	(7,680)	(4,983)	(22,747)
Other	(1,190)	(361)	3,532	(2,482)
Cash used in investing activities	(2,254)	(8,041)	(1,451)	(25,229)
EFFECT OF FOREIGN EXCHANGE ON CASH	36	(290)	(349)	(409)
INCREASE IN CASH	4,252	13,336	1,198	838
CASH, BEGINNING OF PERIOD	16,728	11,412	19,782	23,910
CASH, END OF PERIOD	$20,980	$24,748	$20,980	$24,748

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

(a) Mineral Properties

	Cost	Accumulated Depletion, Depreciation & Impairment Losses	Net Carrying Amount
Balance December 31, 2014	$528,794	$349,353	$179,441
Additions	32,402	-	32,402
Depletion & Depreciation	-	23,955	(23,955)
Disposals & Impairments	(2,224)	(2,023)	(201)
Balance December 31, 2015	558,972	371,285	187,687
Additions	10,620	-	10,620
Depletion & Depreciation	-	19,074	(19,074)
Balance September 30, 2016	$569,592	$390,359	$179,233

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

(b) Derivative Instruments

Huckleberry had no derivative instruments outstanding at September 30, 2016.

(c) Pledged Assets

At September 30, 2016 Huckleberry had pledged cash deposits of $14,136 (December 31, 2015-$14,136) and certain mining equipment with a net book value of $11,982 (December 31, 2015-$14,658) 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 2016	Year Ended December 31 2015
Balance, beginning of period	$49,107	$45,716
Accretion	1,150	1,482
Costs incurred during the period	(119)	(130)
Change in estimates of future costs and discount rate	5,037	2,039
Balance, end of period	55,175	49,107
Less portion due within one year	(185)	(372)
	$54,990	$48,735

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

(e) Reclamation Bonding Obligations

As at September 30, 2016 Huckleberry is obligated to increase its reclamation bond funding as follows:

2016	$9,000
2017	$18,000
	$27,000

(f) Commitments

As at September 30, 2016 Huckleberry is committed to future minimum lease payments as follows:

	Operating Leases	Finance Leases
2016	$22	$65
2017	17	262
2018	10	65
2019	2	-
	$51	$392

As at September 30, 2016 Huckleberry did not have any contractual commitments to purchase property, plant or equipment.

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

6. MINERAL PROPERTIES

Cost	Mineral Properties being Depleted	Mineral Properties not being Depleted: Projects not in Production	Mineral Properties not being Depleted: Exploration & Evaluation Assets	Plant & Equipment	Construction in Progress	Total
Balance as at December 31, 2014	$236,694	$195,685	$21,371	$296,614	$667,274	$1,417,638
Additions	4,051	743	1,489	67,322	57,770	131,375
Reclassifications	91,176	(140,663)	20,112	754,419	(725,044)	-
Disposals	-	-	-	(37)	-	(37)
Foreign exchange movement	-	-	7,773	(270)	-	7,503
Balance as at December 31, 2015	331,921	55,765	50,745	1,118,048	-	1,556,479
Additions	8,417	309	400	59,912	-	69,038
Disposals	-	-	(58)	(1,877)	-	(1,935)
Foreign exchange movement	(655)	-	(1,896)	86	-	(2,465)
Balance as at September 30, 2016	$339,683	$56,074	$49,191	$1,176,169	$ -	$1,621,117

Accumulated depletion & depreciation & impairment losses	Mineral Properties being Depleted	Mineral Properties not being Depleted: Projects not in Production	Mineral Properties not being Depleted: Exploration & Evaluation Assets	Plant & Equipment	Construction in Progress	Total
Balance as at December 31, 2014	$101,400	$ -	$1,645	$143,193	$ -	$246,238
Depletion & depreciation	10,978	-	-	35,010	-	45,988
Disposals	-	-	-	(37)	-	(37)
Foreign exchange movement	2,029	-	-	704	-	2,733
Balance as at December 31, 2015	114,407	-	1,645	178,870	-	294,922
Depletion & depreciation	19,013	-	-	43,607	-	62,620
Disposals	-	-	-	(870)	-	(870)
Foreign exchange movement	(654)	-	-	(209)	-	(863)
Balance as at September 30, 2016	$132,766	$ -	$1,645	$221,398	$ -	$355,809
Carrying Amount						
Balance as at December 31, 2014	$135,294	$195,685	$19,726	$153,421	$667,274	$1,171,400
Balance as at December 31, 2015	$217,514	$55,765	$49,100	$939,178	$ -	$1,261,557
Balance as at September 30, 2016	$206,917	$56,074	$47,546	$954,771	$ -	$1,265,308

At September 30, 2016 the Company had contractual commitments totaling $11,773 (December 31, 2015-$nil) for the acquisition of property, plant and equipment.

At September 30, 2016 mineral property assets with a carrying value of $1,370 (December 31, 2015-$1,370) are legally restricted for the purposes of settling future site reclamation provisions (Note 26(b)).

During the nine months ended September 30, 2016 the Company capitalized borrowing costs of $nil (September 30, 2015-$24,441) related to the Red Chris project into construction in progress at a weighted average borrowing rate of nil% (September 30, 2015-7.28%).

Red Chris achieved commercial production effective July 1, 2015 and therefore no borrowing costs have been capitalized after June 30, 2015.

Red Chris

The Red Chris copper/gold mine and property are owned by Red Chris Development Company Ltd., a subsidiary of the Company. The property is located 18 kilometres southeast of Iskut in northwest British Columbia, and is comprised of the Red Chris Main claim group and the Red Chris South group, consisting of 77 mineral tenures covering a total area of 23,142 hectares. Five of the tenures (5,141 hectares) are mining leases.

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

Mount Polley

The Mount Polley copper/gold mine and property are owned by Mount Polley Mining Corporation, a subsidiary of the Company. The property is located 56 kilometres northeast of Williams Lake in central British Columbia, and encompasses 19,601 hectares, consisting of seven mining leases totalling 2,007 hectares, and 45 mineral claims encompassing 17,594 hectares. A production royalty is payable on ore mined from Mining Lease 933970 but no production occurred in 2015 on this tenure nor is any production anticipated in 2016.

Sterling

The Sterling gold mine and property are owned by Sterling Gold Mining Corporation, a subsidiary of the Company. The property is located near Beatty, Nevada, and consists of 707 claims totalling 5,911 hectares. 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.

Sterling operated as an underground heap leach mine from 2012 until May 2015. Residual gold continues to be recovered from the heap.

Other Exploration Properties

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

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

7. OTHER ASSETS

	September 30 2016	December 31 2015
Future site reclamation deposits	$4,570	$4,813
Other	1,127	1,607
	$5,697	$6,420

8. TRADE AND OTHER PAYABLES

	September 30 2016	December 31 2015
Trade payables	$47,920	$43,252
Accrued liabilities	38,348	35,832
	$86,268	$79,084

9. DEFERRED TRADE PAYABLES

	Nine Months Ended September 30 2016	Year Ended December 31 2015
Balance beginning of period	$ -	$ -
Additions including interest	14,020	-
Balance end of period	$14,020	$ -

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

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

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

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

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

10. SHORT TERM DEBT

Amounts due for short term debt are:

	September 30 2016	December 31 2015
Concentrate advances of US$15,759 (December 31, 2015-US$17,886) from purchasers of the concentrate at the Red Chris and Mount Polley mines repayable from sale of concentrate with interest rates ranging from three month Libor plus 2.0% to 2.2% secured by a first charge on the concentrate.	$20,671	$24,754

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

	Nine Months Ended September 30 2016	Year Ended December 31 2015
Balance, beginning of period	$24,754	$ -
Amounts advanced	278,983	203,876
Amounts repaid	(282,584)	(180,310)
Foreign exchange (gains) losses	(482)	1,188
Balance, end of period	$20,671	$24,754

11. NON-CURRENT DEBT

Amounts due for non-current debt are:

		September 30 2016	December 31 2015
Senior secured revolving credit facility, net of issue costs	(a)	$156,017	$166,072
Second lien secured revolving credit facility, net of issue costs	(b)	49,912	49,728
Senior unsecured notes, net of issue costs	(c)	420,532	442,021
Junior credit facility	(d)	75,000	75,000
Convertible debentures - 2014	(e)	95,323	91,972
Convertible debentures - 2015	(f)	24,429	23,672
Equipment loans	(g)	33,232	41,242
		854,445	889,707
Less portion due within one year		(14,815)	(181,957)
		$839,630	$707,750

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

	Nine Months Ended September 30 2016	Year Ended December 31 2015
Balance, beginning of period	$889,707	$706,847
Amounts advanced, net of issue costs	59,230	162,193
Foreign exchange (gains) losses	(24,918)	78,468
Accretion of debt issue costs	2,645	2,923
Accretion of interest on convertible debentures	4,108	4,641
Amounts repaid	(76,327)	(65,365)
Balance, end of period	854,445	889,707
Less portion due within one year	(14,815)	(181,957)
	$839,630	$707,750

(a) Senior Credit Facility

Senior secured revolving credit facility from a syndicate of banks aggregating $200,000 (December 31, 2015-$200,000) due on March 15, 2018. The facility is secured by trade and other receivables, inventory, shares of all material subsidiaries and a floating charge on certain assets of the Company. Of this facility, $38,847 (December 31, 2015-$33,098) has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 26(b)).

b) Second Lien Credit Facility

Second lien secured revolving credit facility aggregating $50,000 (December 31, 2015-$50,000) due on August 15, 2018. The facility is secured by trade and other receivables, inventory, shares of all material subsidiaries and a floating charge on certain assets of the Company, subject to the priority interests held on those assets by the senior credit facility syndicate. This facility has been guaranteed by a related party (Note 22).

(c) Senior Unsecured Notes

Senior unsecured notes (the "Notes") due March 15, 2019 aggregating US$325,000 with interest at 7% per annum payable each March 15 and September 15. 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 100.0% 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 from 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.

(d) Junior Credit Facility

The junior credit facility is from a related party. It aggregates $75,000 (December 31, 2015-$75,000) and is unsecured with interest payable quarterly at 10% per annum. 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.

(e) Convertible Debentures - 2014

The debentures with a face value of $115,000 mature on September 4, 2020 and bear interest at 6% per year with interest payable semi-annually on September 30 and December 31. As a result of the rights offering completed in August 2015 the conversion price was reduced from $12.00 to $11.91 per common share. The face value of the convertible debentures are convertible into common shares of the Company at the option of the holder upon at least 61 days advance notice at any time prior to maturity at a conversion price of $11.91 per common share. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 125% of the conversion price for at least 30 consecutive days. At the option of the Company, subject to the separate approval of the Toronto Stock Exchange and compliance with all applicable securities laws, such interest may be paid through the issuance of additional convertible debentures or common shares of the Company.

(f) Convertible Debentures - 2015

The debentures with a face value of $30,000 mature on August 25, 2021 and bear interest at 6% per year with interest payable semi-annually on September 30 and December 31 with the first payment paid on September 30, 2016. 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.

(g) Equipment Loans

As at September 30, 2016 the Company had six finance contracts for US$16,813 (December 31, 2015-US$26,490) and six finance contracts for $11,177 (December 31, 2015-$4,580) at interest rates ranging from 2.50% to 5.95% with monthly installments of US$771 and $301, respectively.

(i) Finance contract for US$1,320 (December 31, 2015-US$1,927) repayable in monthly installments of US$71 including interest at a fixed rate of 2.50% and secured by the financed equipment.

(ii) Finance contract for US$1,524 (December 31, 2015-US$2,127) repayable in monthly installments of US$71 including interest at a fixed rate of 2.50% and secured by the financed assets.

(iii) Finance contract for US$1,877 (December 31, 2015-US$2,587) repayable in monthly installments of US$84 including interest at a fixed rate of 2.50% and secured by the financed equipment.

(iv) Finance contract for US$188 (December 31, 2015-US$259) repayable in monthly installments of US$8 including interest at a fixed rate of 2.50% secured by the financed equipment.

(v) Finance contract for US$3,646 (December 31, 2015-US$5,305) repayable in monthly installments of US$197 including interest at a fixed rate of 3.42% secured by the financed assets.

(vi) Finance contract for US$8,258 (December 31, 2015-US$11,122) repayable in monthly installments of US$340 at a fixed interest rate of 2.57% and secured by the financed equipment.

(vii) Finance contract for $3,773 (December 31, 2015-$4,580) repayable in monthly installments of $100 until a final payment of $559 in August 2019 including interest at a fixed rate of 2.90% and secured by the financed equipment.

(viii) Finance contract for $1,997 (December 31, 2015-$nil) repayable in monthly installments of $62 at a fixed rate of 5.95% and secured by the financed equipment.

(ix) Finance contract for $2,341 (December 31, 2015-$nil) repayable in monthly installments of $53 at a fixed rate of 5.95% and secured by the financed equipment.

(x) Finance contract for $2,318 (December 31, 2015-$nil) repayable in monthly installments of $61 at a fixed rate of 5.95% and secured by the financed equipment.

(xi) Finance contract for $342 (December 31, 2015-$nil) repayable in monthly installments of $17 at a fixed rate of 5.45% and secured by the financed equipment.

(xii) Finance contract for $406 (December 31, 2015-$nil) repayable in monthly installments of $8 at a fixed rate of 4.91% and secured by the financed equipment.

(xiii) Finance contract for US$nil (December 31, 2015-US$3,163) repayable in monthly installments of US$171 including interest at a fixed rate of 2.89% and secured by the financed equipment.

Effective September 30, 2016 the Company continues to be in full compliance with all financial covenants under its debt agreements.

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

12. DERIVATIVE INSTRUMENTS

Commodity Derivatives

The Company has no commodity derivative contracts outstanding at September 30, 2016.

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 11(c)). These cash flow hedges provided 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 Dollar 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.

On February 19, 2016 the Company sold US$20,000 of the US$110,000 cross currency swap for proceeds of $5,662 leaving US$90,000 remaining on the currency swap as of September 30, 2016.

At September 30, 2016 the fair value of the cross currency swap was an asset of $18,417 (December 31, 2015-$30,632).

In October 2016 the Company sold US$55,000 of the original US$110,000 cross currency swap for proceeds of $11,903 leaving a balance of US$35,000.

13. FUTURE SITE RECLAMATION PROVISIONS

The Company has recognized provisions for future site reclamation at its Red Chris, Mount Polley, 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:

	Nine Months Ended September 30 2016	Year Ended December 31 2015
Balance, beginning of period	$32,743	$25,913
Accretion (Note 17)	689	844
Costs incurred during the period	-	(23)
Change in estimates of future costs and effect of translation of foreign currencies	6,569	6,009
Balance, end of period	40,001	32,743
Less portion due within one year	(55)	(58)
	$39,946	$32,685

The total undiscounted amount of estimated future cash flows required to settle the obligations is $47,638 (December 31, 2015-$45,231). The estimated future cash flows were then adjusted using a 2.0% (December 31, 2015-2.0%) rate of inflation. The estimated future cash flows have been discounted using a rate of 2.64% (December 31, 2015-3.16%).

The obligations are expected to be settled primarily in the years 2017 through 2043.

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

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

14. SHARE CAPITAL

(a) Share Capital

Authorized

50,000,000 First Preferred shares without par value with special rights and restrictions to be determined by the directors, of which 3,100,000 have been designated as "Series A First Preferred shares" (issued and outstanding – nil)

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

An unlimited number of Common Shares without par value

(b) Share Option Plans

Under the Share Option Plans, the Company may grant options to its directors, officers and employees not to exceed 10% of the issued common shares of the Company. At September 30, 2016 a total of 4,284,953 common share options remain available for grant under the plans. Under the plans, the exercise price of each option cannot be greater than the market price of the Company's shares on the date of grant and an option's maximum term is 10 years. Options are granted from time to time by the Board of Directors and vest over a three or five year period.

During the nine months ended September 30, 2016, the Company granted 15,000 stock options at a weighted average exercise price of $8.00. During the year ended December 31, 2015 the Company granted 1,960,000 stock options at a weighted average exercise price of $8.00. The weighted average fair value for the options granted in the year ended December 31, 2015 was $3.83 per option, which was estimated at the date of the grant using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate - 1.18%; expected dividend yield - $nil; expected stock price volatility - 60.9%; expected option life - 6.5 years; and, estimated forfeiture rate - 5.00%.

Movements in Share Options

The changes in share options were as follows:

	Nine Months Ended September 30, 2016		Year Ended December 31, 2015	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	4,157,450	$8.20	2,238,950	$8.37
Granted	15,000	$8.00	1,960,000	$8.00
Exercised	(7,500)	$5.93	(21,500)	$4.52
Forfeited	(231,000)	$8.30	(20,000)	$11.55
Expired	(42,050)	$11.55	-	$ -
Outstanding at end of period	3,891,900	$8.16	4,157,450	$8.20
Options exercisable at end of period	2,036,900	$8.31	2,197,450	$8.38

The following table summarizes information about the Company's share options outstanding at September 30, 2016:

	Options Outstanding		Options Exercisable	
Exercise Prices	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
$4.41	800,900	2.25	800,900	2.25
$5.93	156,000	3.25	156,000	3.25
$8.00	1,855,000	9.18	-	-
$11.55	1,080,000	4.04	1,080,000	4.04
	3,891,900	6.09	2,036,900	3.28

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

For share options exercised during the nine months ended September 30, 2016, the weighted average share price at the date of exercise was $6.42. For share options exercised during the year ended December 31, 2015, the weighted average share price at the date of exercise was $8.33.

15. COST OF SALES

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Operating expenses	$61,489	$32,326	$184,707	$36,412
Salaries, wages and benefits	18,450	7,080	61,869	10,704
Depletion and depreciation	19,011	8,944	64,306	9,187
Share based compensation	281	-	835	-
	$99,231	$48,350	$311,717	$56,303

16. GENERAL AND ADMINISTRATION

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Administration costs	$780	$824	$2,865	$3,295
Share based compensation	413	95	1,297	292
Depreciation	32	179	295	537
Foreign exchange loss	234	364	1,013	1,358
	$1,459	$1,462	$5,470	$5,482

17. FINANCE COSTS

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Accretion of future site reclamation provisions	$231	$212	$689	$632
Other interest	600	617	1,566	1,328
Interest on non-current debt	16,178	15,547	48,866	19,767
Foreign exchange loss (gain) on current debt	85	439	(482)	632
Foreign exchange loss (gain) on non-current debt	3,676	32,162	(24,919)	63,057
Fair value adjustment to marketable securities	64	218	(63)	222
Realized gain on derivative instruments	(328)	(2,631)	(6,369)	(3,937)
Unrealized (gain) loss on derivative instruments	(768)	(12,153)	12,214	(21,403)
	19,738	34,411	31,502	60,298
Interest income	(9)	(33)	(44)	(96)
Finance costs	$19,729	$34,378	$31,458	$60,202

18. PROVISION FOR REHABILITATION COSTS

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, BC was breached and the Company charged $67,435 to expense for the year ended December 31, 2014 to accrue for the estimated rehabilitation costs. The Company received insurance recoveries totaling $14,000 in the year ended December 31, 2014, and $11,000 in the year ended December 31, 2015, which were recorded in the condensed consolidated statements of income (loss) and comprehensive income (loss).

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

The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at September 30, 2016 and is subject to revision in the future as further information becomes available to the Company.

Changes in the provision for rehabilitation costs are as follows:

	Nine Months Ended September 30 2016	Year Ended December 31 2015
Balance, beginning of the period	$2,123	$25,961
Adjustments (costs incurred) in the period including depreciation of $nil (2015-$1,332)	1,262	(23,838)
Balance, end of the period	3,385	2,123
Less portion to be incurred within one year	(3,385)	(2,123)
	$ -	$ -

19. INCOME AND MINING TAX (RECOVERY) EXPENSE

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Current income and mining taxes	$448	$21	$2,181	$(3,641)
Deferred income and mining taxes	(4,676)	(4,789)	(905)	(3,673)
	$(4,228)	$(4,768)	$1,276	$(7,314)

20. LOSS PER SHARE

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Numerator:				
Net Loss	$(20,589)	$(29,344)	$(7,020)	$(61,084)
Denominator:				
Basic weighted-average number of common shares outstanding	81,762,251	78,263,515	81,761,439	76,079,477
Effect of dilutive securities:				
Stock options, warrants and convertible debentures	-	-	-	-
Diluted weighted-average number of common shares outstanding	81,762,251	78,263,515	81,761,439	76,079,477
Basic loss per common share	$(0.25)	$(0.37)	$(0.09)	$(0.80)
Diluted loss per common share	$(0.25)	$(0.37)	$(0.09)	$(0.80)

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Stock options	3,891,900	2,217,450	3,891,900	2,217,450
Warrants	-	750,000	-	750,000
Convertible debentures	12,155,751	12,155,751	12,155,751	12,155,751

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

21. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Trade and other receivables	$1,455	$2,373	$(5,159)	$9,766
Inventory	(7,311)	(21,047)	(2,159)	(26,369)
Derivative instruments	-	(640)	1,347	(640)
Prepaid expenses and deposits	(2,587)	1,259	(1,611)	(174)
Trade and other payables	3,693	32,850	(5,018)	22,012
Deferred trade payables	6,186	-	14,020	-
Derivative instrument liabilities	-	215	-	-
Provision for rehabilitation costs	(2,281)	(1,328)	1,262	(19,632)
	$(845)	$13,682	$2,682	$(15,037)

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

During the nine months ended September 30, the Company purchased certain mobile equipment at a cost of $814 which was financed by long term debt (Note 11(g)).

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Trade and other payables	$9,543	$(33,632)	$15,933	$(21,890)

22. RELATED PARTY TRANSACTIONS

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

Statement of Income

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Loan guarantee fee for guarantee of second lien credit facility	$362	$250	$923	$711
Loan commitment fee	$ -	$ -	$ -	$300
Interest expense	$3,972	$4,329	$11,904	$10,856
Fees to backstop financings	$ -	$556	$ -	$556

Statement of Financial Position

	September 30 2016	December 31 2015
Accrued interest on senior unsecured notes and convertible debentures	$2,959	$1,882
Junior credit facility	$75,000	$75,000
Senior unsecured notes (US$53,300)	$69,914	$73,767
Convertible debentures	$57,600	$57,600
Trade and other payables	$ -	$4

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

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

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, 2016 and 2015 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Short term benefits[1]	$323	$303	$970	$992
Share based payments[2]	$ -	$ -	$ -	$ -

[1] Short term employee benefits include salaries, estimated bonuses payable within nine 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, 2016 and 2015.

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

24. REPORTABLE SEGMENTED INFORMATION

The Company operates primarily in Canada. All of the Company's assets are located in Canada, except for assets comprised primarily of the Sterling mine totaling $33,058 as at September 30, 2016 (December 31, 2015-$35,665) which are located in the USA. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

Reportable Segments

Three Months Ended September 30, 2016	Red Chris	Mount Polley	Sterling	Huckleberry	Corporate	Total
Reportable segmented revenues	$67,230	$30,386	$20	$ -	$276	$97,912
Less inter-segment revenues	(31)	(624)	(18)	-	(131)	(804)
Revenues from external sources	$67,199	$29,762	$2	$ -	$145	$97,108
Depletion and depreciation	$14,868	$4,043	$100	$ -	$32	$19,043
Finance costs	$(17,353)	$(2,228)	$(37)	$ -	$(111)	$(19,729)
Share of loss in Huckleberry	$ -	$ -	$ -	$(2,346)	$ -	$(2,346)
Net (loss) income	$(18,355)	$(3,200)	$(486)	$(2,346)	$3,798	$(20,589)
Capital expenditures	$22,670	$4,541	$116	$ -	$146	$27,473
Equity investment	$ -	$ -	$ -	$81,715	$ -	$81,715
Total assets	$1,022,224	$300,417	$33,446	$81,715	$24,954	$1,462,756
Total liabilities	$859,573	$211,219	$5,105	$ -	$17,153	$1,093,050

Three Months Ended September 30, 2015	Red Chris	Mount Polley	Sterling	Huckleberry	Corporate	Total
Reportable segmented revenues	$55,761	$ -	$14	$ -	$344	$56,119
Less inter-segment revenues	-	-	-	-	(191)	(191)
Revenues from external sources	$55,761	$ -	$14	$ -	$153	$55,928
Depletion and depreciation	$8,269	$1,923	$103	$ -	$179	$10,474
Finance (costs) income	$(32,699)	$(2,147)	$(34)	$ -	$502	$(34,378)
Share of loss in Huckleberry	$ -	$ -	$ -	$(800)	$ -	$(800)
Net (loss) income	$(21,523)	$(10,365)	$(672)	$(800)	$4,016	$(29,344)
Capital expenditures	$22,007	$2,002	$104	$ -	$176	$24,289
Equity investment	$ -	$ -	$ -	$92,003	$ -	$92,003
Total assets	$996,008	$303,019	$35,097	$92,003	$50,861	$1,476,988
Total liabilities	$805,385	$231,920	$4,437	$ -	$24,408	$1,066,150

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

Reportable Segments

	Nine Months Ended September 30, 2016					
	Red Chris	Mount Polley	Sterling	Huckleberry	Corporate	Total
Reportable segmented revenues	$244,182	$107,395	$249	$ -	$884	$352,710
Less inter-segment revenues	(94)	(2,006)	(72)	-	(445)	(2,617)
Revenues from external sources	$244,088	$105,389	$177	$ -	$439	$350,093
Depletion and depreciation	$43,918	$20,048	$340	$ -	$295	$64,601
Finance (costs) income	$(25,114)	$(6,263)	$(113)	$ -	$32	$(31,458)
Share of loss in Huckleberry	$ -	$ -	$ -	$(8,019)	$ -	$(8,019)
Net income (loss)	$8,140	$(8,222)	$(1,532)	$(8,019)	$2,613	$(7,020)
Capital expenditures	$40,574	$21,210	$134	$ -	$247	$62,165
Equity investment	$ -	$ -	$ -	$81,715	$ -	$81,715
Total assets	$1,022,224	$300,417	$33,446	$81,715	$24,954	$1,462,756
Total liabilities	$859,573	$211,219	$5,105	$ -	$17,153	$1,093,050

	Nine Months Ended September 30, 2015					
	Red Chris	Mount Polley	Sterling	Huckleberry	Corporate	Total
Reportable segmented revenues	$55,761	$(192)	$2,951	$ -	$1,121	$59,641
Less inter-segment revenues	-	-	-	-	(454)	(454)
Revenues from external sources	$55,761	$(192)	$2,951	$ -	$667	$59,187
Depletion and depreciation	$8,269	$4,513	$346	$ -	$537	$13,665
Finance (costs) income	$(53,460)	$(7,163)	$(97)	$ -	$518	$(60,202)
Share of loss in Huckleberry	$ -	$ -	$ -	$(767)	$ -	$(767)
Net (loss) income	$(41,566)	$(11,735)	$(5,730)	$(767)	$(1,286)	$(61,084)
Capital expenditures	$89,545	$27,609	$201	$ -	$554	$117,909
Equity investment	$ -	$ -	$ -	$92,003	$ -	$92,003
Total assets	$996,008	$303,019	$35,097	$92,003	$50,861	$1,476,988
Total liabilities	$805,385	$231,920	$4,437	$ -	$24,408	$1,066,150

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

Revenue by Geographic Area

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Canada	$145	$153	$439	$667
Korea	17,422	18,129	51,033	18,129
Singapore	15,573	20,097	68,460	20,097
Switzerland	64,724	17,535	116,841	17,535
United States	(756)	14	113,320	2,759
	$97,108	$55,928	$350,093	$59,187

Revenues are attributed to geographic area based on country of customer. In the nine months ended September 30, 2016, the Company had six principal customers accounting for 22%, 19%, 19%, 14%, 14% and 11% of revenues (September 30, 2015– three principal customers accounting for 34%, 31% and 30%). The Company is not reliant on any one customer to continue to operate as a going concern.

The Company's principal product is copper concentrate (contains copper, gold and silver) which is sold at prices quoted on the London Metals Exchange, however in the first quarter of 2015 the principal product was gold dore from the Sterling mine.

The Company sells all of its concentrate and gold production to third party smelters and traders.

Revenue by Major Product and Service

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Copper	$60,528	$43,909	$217,907	$43,737
Gold	34,808	11,483	126,665	14,398
Silver	1,627	383	5,082	385
Other	145	153	439	667
	$97,108	$55,928	$350,093	$59,187

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. Except for the Notes (Note 11(c)), management believes that the carrying value of remaining non-current and short term debt approximates fair value. At September 30, 2016 the fair value of the Notes is $399,360 (December 31, 2015-$425,061) based on a quote received from dealers that trade the Notes.

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

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

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

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2016 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	$3,908	$ -	$3,908
Marketable securities	148	-	148
Provisionally priced accounts receivables	-	9,641	9,641
Derivative instruments assets	-	18,417	18,417
Future site reclamation deposits	4,570	-	4,570
	8,626	28,058	36,684
Financial Liabilities			
Amounts owing on provisionally priced receivables included in trade and other payables	-	(1,454)	(1,454)
	$8,626	$26,604	$35,230

26. COMMITMENTS AND PLEDGES

(a) At September 30, 2016, the Company is committed to future minimum operating lease payments as follows:

2016	$159
2017	316
2018	99
2019	87
2020 and beyond	14
	$675

(b) At September 30, 2016, the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets	$4,570
Mineral property, plant and equipment	1,370
Letters of credit (Note 11(a))	38,847
	$44,787

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

2016	$673
2017	2,861
2018	1,740
	$5,274

(d) The Company is obligated to pay BC Hydro and Power Authority ("BC Hydro") approximately $14,300 annually over a four year period plus interest to reimburse BC Hydro for a portion of the costs to construct the Northwest Transmission Line which provides power for the Red Chris mine. Payments are expected to commence in the fourth quarter 2016. The amount is subject to adjustment when final costs are known and the interest rate is subject to be adjusted annually based on BC Hydro's cost of capital.

(e) At September 30, 2016 the Company had commitments to purchase property, plant and equipment at a cost of $11,773.

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 condensed consolidated interim financial position or financial performance.

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, BC was breached and at September 30, 2016 the Company has a provision of $3,385 for future rehabilitation activities related to the Mount Polley mine tailings dam breach (Note 18). The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required and is subject to revision in the future as further information becomes available to the Company.

During the third quarter of 2014, a securities class action lawsuit was filed against the Company and certain of its directors, officers and others in the Ontario Superior Court of Justice in Toronto (the Claim). The Company has engaged independent legal counsel to advise it on this matter. At this time the Company cannot predict the outcome of the Claim or determine the amount of any potential losses and accordingly, no provision has been made as of September 30, 2016. However, the Company is of the view that the allegations contained in the Claim are without merit and intends to vigorously defend its position.