



Second Quarter Report 2019

Condensed Consolidated Interim Financial Statements (unaudited)

For the Three and Six Months Ended June 30, 2019 and 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the Six Months Ended June 30, 2019 and 2018

expressed in thousands of Canadian dollars

	Notes	June 30 2019	December 31 2018
ASSETS			
Current Assets			
Cash		\$17,511	\$18,574
Marketable securities		608	1,325
Trade and other receivables	4	7,340	7,084
Inventory	5	11,805	49,282
Prepaid expenses and deposits		5,000	6,666
Assets classified as held for sale	3	1,142,219	-
		<u>1,184,483</u>	<u>82,931</u>
Mineral Properties	6	372,069	1,432,783
Other Assets	7	28,183	51,752
Deferred Income Tax Assets		6,521	6,437
		<u>\$1,591,256</u>	<u>\$1,573,903</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	8	\$47,645	\$104,621
Taxes payable		789	773
Short term debt	11	158,751	121,773
Provision for rehabilitation costs	19	1,960	2,265
Current portion of debt	12	577,801	603,648
Current portion of other obligations	10	-	39,321
Liabilities classified as held for sale	3	138,419	-
		<u>925,365</u>	<u>872,401</u>
Provision for Rehabilitation costs	19	709	1,067
Non-Current Debt	12	136,332	145,847
Deferred Trade Payables	9	4,460	4,428
Other Obligations	10	-	13,108
Future Site Reclamation Provisions	13	93,532	97,668
Deferred Income Tax Liabilities		26,047	36,152
		<u>1,186,445</u>	<u>1,170,671</u>
EQUITY			
Share Capital	14	315,822	304,364
Share Option Reserve	14	19,309	19,188
Warrant Reserve		689	689
Equity Component of Convertible Debentures		25,534	25,534
Currency Translation Adjustment		7,812	8,094
Retained Earnings		35,645	45,363
		<u>404,811</u>	<u>403,232</u>
		<u>\$1,591,256</u>	<u>\$1,573,903</u>
Nature of Operations and Going Concern	1		
Commitments and Pledges	5, 6, 27		
Contingent Liabilities	28		
Subsequent Events	29		

See accompanying notes to these consolidated financial statements.

Approved by the Board and authorized for issue on August 14, 2019

/s/ Larry G. Moeller

Director

/s/ J. Brian Kynoch

Director

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

For the Six Months Ended June 30, 2019 and 2018

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

	Notes	Three Months Ended June 30		Six Months Ended June 30	
		2019	2018	2019	2018
		Restated (Note 3)		Restated (Note 3)	
Continuing operations⁽¹⁾					
Revenue		\$21,673	\$22,791	\$35,476	\$58,818
Cost of Sales	15	(23,828)	(23,963)	(40,158)	(59,777)
Loss from Mine Operations		(2,155)	(1,172)	(4,682)	(959)
General and Administration	16	(1,552)	(1,630)	(2,787)	(3,201)
Idle Mine Costs		(2,829)	(1,632)	(4,207)	(2,983)
Interest Expense	17	(18,091)	(18,281)	(36,488)	(36,094)
Other Finance Income (Loss)	18	10,902	(9,764)	17,955	(20,958)
Other Income (Expense)		49	(583)	121	(1,186)
Loss before Taxes from continuing operations		(13,676)	(33,062)	(30,088)	(65,381)
Income and Mining Tax Recovery	20	3,999	10,672	18,074	11,913
Net Loss from continuing operations		(9,677)	(22,390)	(12,014)	(53,468)
Net Income (loss) from discontinued operations, net of tax	3	2,227	(14,165)	2,296	747
Net Loss		(7,450)	(36,555)	(9,718)	(52,721)
Other Comprehensive (Loss) Income					
Items that may be subsequently reclassified to profit or loss					
Currency translation adjustment		(140)	138	(282)	315
Total Comprehensive Loss		\$(7,590)	\$(36,417)	\$(10,000)	\$(52,406)
Loss from Continuing Operations Per Share					
Basic	21	\$(0.08)	\$(0.19)	\$(0.10)	\$(0.46)
Diluted	21	\$(0.08)	\$(0.19)	\$(0.10)	\$(0.46)
Income (Loss) from Discontinued Operations Per Share					
Basic	21	\$0.02	\$(0.12)	\$0.02	\$0.01
Diluted	21	\$0.02	\$(0.12)	\$0.02	\$0.01
Loss Per Share					
Basic	21	\$(0.06)	\$(0.31)	\$(0.08)	\$(0.45)
Diluted	21	\$(0.06)	\$(0.31)	\$(0.08)	\$(0.45)
Weighted Average Number of Common Shares Outstanding					
Basic	21	127,110,479	117,648,245	126,104,879	117,203,671
Diluted	21	127,110,479	117,648,245	126,104,879	117,203,671

⁽¹⁾ For the three and six months ended June 30, 2019 and comparative period, Red Chris mine was classified as discontinued operations and accordingly income (loss) and cash flows from continued operations are presented exclusive of Red Chris mine. Refer to Note 3 for further details.

See accompanying notes to these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2019 and 2018

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

	Share Capital		Share Option Reserve	Warrant Reserve	Equity Component of Convertible Debentures	Currency Translation Adjustment	Retained Earnings	Total
	Number of Shares	Amount						
Balance December 31, 2017	114,505,472	\$290,201	\$18,582	\$689	\$25,534	\$7,537	\$170,958	\$513,501
Issued for payment of interest for debt	3,169,688	8,041	-	-	-	-	-	8,041
Share based compensation expense	-	-	402	-	-	-	-	402
Total comprehensive (loss) income	-	-	-	-	-	315	(52,721)	(52,406)
Balance June 30, 2018	117,675,160	\$298,242	\$18,984	\$689	\$25,534	\$7,852	\$118,237	\$469,538
Balance December 31, 2018	120,782,585	\$304,364	\$19,188	\$689	\$25,534	\$8,094	\$45,363	\$403,232
Issued for payment of interest for debt	6,327,894	11,458	-	-	-	-	-	11,458
Share based compensation expense	-	-	121	-	-	-	-	121
Total comprehensive loss	-	-	-	-	-	(282)	(9,718)	(10,000)
Balance June 30, 2019	127,110,479	\$315,822	\$19,309	\$689	\$25,534	\$7,812	\$35,645	\$404,811

See accompanying notes to these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2019 and 2018

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

	Notes	Three Months Ended June 30		Six Months Ended June 30	
		2019	2018	2019	2018
			Restated (Note 3)		Restated (Note 3)
OPERATING ACTIVITIES					
Loss before taxes from continuing operations		\$(13,676)	\$(33,062)	\$(30,088)	\$(65,381)
Items not affecting cash flows					
Depletion and depreciation		4,256	5,584	7,100	13,381
Share based compensation		70	184	179	366
Accretion of future site reclamation provisions		638	689	1,295	1,375
Unrealized foreign exchange (gains) losses		(9,167)	9,140	(18,179)	20,497
Fair value adjustment for debt settled in common shares	18	-	-	3,356	-
Gain on sale of Sterling		-	(175)	-	(175)
Interest expense	17	18,091	18,281	36,488	36,094
Other		(5)	202	81	(637)
		207	843	232	5,520
Net change in non-cash operating working capital balances	22	6,319	(4,127)	(3,660)	(7,737)
Income and mining taxes refunded (paid), net		8,112	(208)	8,126	(132)
Interest paid		(6,203)	(3,889)	(25,484)	(22,686)
Operating cash flows provided by (used in) continuing operations		8,435	(7,381)	(20,786)	(25,035)
Operating cash flows provided by discontinued operations	3	8,920	7,755	8,353	29,718
Cash provided by (used in) operating activities		17,615	374	(12,173)	4,683
FINANCING ACTIVITIES					
Proceeds of short term debt	11	7,888	46,141	46,140	87,918
Repayment of short term debt	11	(1,673)	(39,747)	(9,264)	(81,529)
Proceeds of non-current debt, net of deferred financing costs	12	(19)	35,616	130,704	49,910
Repayment of non-current debt	12	(548)	(19,100)	(132,538)	(69,334)
Lease payments		(14)	-	(26)	-
Cash provided by (used in) financing activities in continuing operations		5,634	22,910	35,016	(13,035)
Cash used in financing activities in discontinued operations	3	(2,298)	(532)	(4,255)	(1,058)
Cash provided by (used in) financing activities		3,336	22,378	30,761	(14,093)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2019 and 2018

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

	Three Months Ended June 30		Six Months Ended June 30		
	2019	2018	2019	2018	
Notes	Restated (Note 3)		Restated (Note 3)		
INVESTING ACTIVITIES					
Acquisition and development of mineral properties	(822)	(3,607)	(1,556)	(7,744)	
Net change in non-cash investing working capital balances	511	(41)	302	83	
Proceeds on sale of mineral properties	6	13	36	13	
Proceeds on sale of marketable securities	601	-	601	-	
Investing cash flows provided by (used in) continuing operations	296	(3,635)	(617)	(7,648)	
Investing cash flows used in discontinued operations	3	(9,681)	(10,199)	(18,927)	(19,434)
Cash used in investing activities	(9,385)	(13,834)	(19,544)	(27,082)	
EFFECT OF FOREIGN EXCHANGE ON CASH	(67)	82	(107)	137	
INCREASE (DECREASE) IN CASH	11,499	9,000	(1,063)	(36,355)	
CASH, BEGINNING OF PERIOD	6,012	6,540	18,574	51,895	
CASH, END OF PERIOD	\$17,511	\$15,540	\$17,511	\$15,540	

See accompanying notes to these consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company’s key projects are:

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

On March 10, 2019, the Company entered into a binding agreement to sell a 70% interest in the Red Chris mine to Newcrest for US\$806,500 in cash, while retaining a 30% interest in the mine. The Company and Newcrest will form a joint venture for the operation of the Red Chris asset going forward, with Newcrest acting as operator. The consideration payable will be subject to customary adjustments for certain assumed equipment loans, working capital and non-financial debt at closing.

Red Chris mine has been classified as a discontinued operation effective January 1, 2019 (Note 3).

Upon the completion of sale of 70% interests in the Red Chris mine to Newcrest, the Company will account for its 30% interest in the mine as unincorporated arrangement (joint operations) as the Company has rights to its share of the undivided assets, liabilities, revenues and expenses, rather than a right to a net return.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due. The Company has in place a planning, budgeting and forecasting process to determine the funds required to support the Company’s operations and expansionary plans.

At June 30, 2019, the Company had cash of \$17,511, available capacity of \$11 for future draws under the Senior Credit Facility (Note 11) and current liabilities exceed current assets by \$744,682, excluding assets, net of liabilities, held for sale of \$1,003,800. The working capital deficiency is primarily due to debt of \$736,552 related to the Senior Credit Facility and the Second Lien Credit Facility, which mature on September 5, 2019 and September 9, 2019 respectively, and the Senior Unsecured Notes which mature on September 15, 2019.

During the six months ended June 30, 2019, \$11,458 of interest for certain debt facilities was paid in common shares of the Company (Notes 12(c), 12(d), 12(e) and Note 18).

Cash balances on hand, the projected cash flow from the Red Chris mine, as well as the available credit facilities are expected to be sufficient to fund the working capital deficiency and the Company’s obligations as they come due assuming the successful completion of the transaction with Newcrest and continuing support of the Company’s creditors until such time as the Newcrest transaction closes. In addition, 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 the Company will be able to successfully complete the transaction with Newcrest and this 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2018.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted IFRS 16 on January 1, 2019, using the modified retrospective approach, in accordance with the transitional provisions in IFRS 16. The Company identified and collected data relating to existing agreements that extended beyond January 1, 2019, that contained right-of-use assets. These include service contracts that may contain embedded leases for property, plant and equipment. The Company has elected to measure its right-of-use assets at amounts equal to the associated lease liabilities as at the adoption date, however due to trivial effect, no increase to asset and liabilities was recorded and therefore no adjustment to retained earnings.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

- *Right-of-use assets.* The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.
- *Lease liabilities.* At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

- *Short-term leases and leases of low-value assets.* The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
- *Significant judgement in determining the lease term of contracts with renewal options.* The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately
- the assumptions an entity makes about the examination of tax treatments by taxation authorities
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- how an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The interpretation did not have an impact on the consolidated financial statements of the Company.

3. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

On February 20, 2019, the Company initiated a process for the sale of the Red Chris mine and as a result Red Chris met the criteria as a discontinued operations under IFRS 5. On March 10, 2019, the Company entered into a binding agreement to sell a 70% interest in the Red Chris mine to Newcrest for US\$806,500 in cash, while retaining a 30% interest in the mine. The Company and Newcrest will form a joint venture for the operation of the Red Chris asset going forward, with Newcrest acting as operator. The consideration payable will be subject to customary adjustments for certain assumed equipment loans, working capital and non-financial debt at closing.

For the three and six months ended June 30, 2019 and June 30, 2018, the net income (loss) from Red Chris mine is reported as income (loss) from discontinued operations. Total assets and liabilities of Red Chris mine (excluding any assets and liabilities which do not form part of the net assets being sold) are reported as assets and liabilities held for sale, respectively, as at June 30, 2019. As a result of the classification of the Red Chris mine as held-for-sale, the Company ceased recognizing depreciation and depletion expense at Red Chris mine effective February 20, 2019.

In measuring the assets, liabilities, revenues, expenses, gains, losses and cash flows of discontinued operations for the purpose of disclosures, such items are attributed to discontinued operations if they will be disposed of, settled, reduced, or eliminated when the sale is completed. To the extent that such items continue after completion of the disposal, they will be allocated to the continuing operations.

Financial position information is neither restated nor remeasured for discontinued operations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

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

As at June 30, 2019, the Company measured the assets at the lower of carrying value and fair value less cost to sell. The estimated consideration on sale was used as the basis for determining the fair value and an estimate of the disposal cost was used as the basis for the cost to sell. The Company determined that no impairment losses are required to be recognized.

The assets and liabilities of Red Chris mine being disposed of and included in assets and liabilities classified as held for sale are as follows:

	June 30 2019
Current Assets	
Trade and other receivables	\$221
Inventory	31,267
Prepaid expenses and deposits	1,088
	<u>32,576</u>
Mineral Properties	1,081,504
Other assets	28,139
Assets classified as held for sale	<u>\$1,142,219</u>
Current liabilities	
Trade and other payables	\$52,330
Current portion of debt	5,227
Current portion of other obligations	47,497
	<u>105,054</u>
Non-Current Debt	9,821
Non-Current Other Obligations	5,958
Future Site Reclamation Provisions	17,586
Liabilities classified as held for sale	<u>\$138,419</u>

The net income (loss) from Red Chris mine for the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Revenue	\$61,945	\$57,275	\$124,823	\$139,160
Cost of Sales ⁽¹⁾	(58,887)	(71,535)	(120,656)	(136,063)
Income (Loss) from Mine Operations	3,058	(14,260)	4,167	3,097
General and Administration	46	(46)	162	(81)
Interest Expense	(1,096)	(990)	(2,205)	(2,169)
Other Finance Income (Loss)	158	(428)	356	(452)
Income (loss) before Taxes	2,166	(15,724)	2,480	395
Income and Mining Tax Recovery (Expense)	61	1,559	(184)	352
Net Income (Loss) from discontinued operations	<u>\$2,227</u>	<u>\$(14,165)</u>	<u>\$2,296</u>	<u>\$747</u>

⁽¹⁾ Depreciation and depletion included herein relates to the Red Chris mine prior to the date of reclassification as a discontinued operation during the six months ended June 30, 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

The following table provides details of the cash flows from operations, investing and financing activities of the Red Chris mine for the three and six months ended June 30, 2019 and prior year comparative period:

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
OPERATING ACTIVITIES				
Income (loss) before taxes from discontinued operations	\$2,166	\$(15,724)	\$2,480	\$395
Items not affecting cash flows				
Depletion and depreciation	133	11,182	9,223	25,042
Share based compensation	14	14	(58)	36
Unrealized foreign exchange gain	(260)	-	(553)	-
Accretion of future site reclamation provisions	111	102	223	203
Interest expense	1,096	990	2,205	2,169
	<u>3,260</u>	<u>(3,436)</u>	<u>13,520</u>	<u>27,845</u>
Net change in non-cash operating working capital balances	5,857	11,655	(4,173)	2,764
Income and mining taxes paid	(150)	(55)	(387)	(314)
Interest paid	(47)	(409)	(607)	(577)
Operating cash flows provided by discontinued operations	<u>\$8,920</u>	<u>\$7,755</u>	<u>\$8,353</u>	<u>\$29,718</u>
FINANCING ACTIVITIES				
Repayment of non-current debt	\$(1,299)	\$(532)	\$(2,579)	\$(1,058)
Lease payments	(999)	-	(1,676)	-
Financing cash flows used by discontinued operations	<u>\$(2,298)</u>	<u>\$(532)</u>	<u>\$(4,255)</u>	<u>\$(1,058)</u>
INVESTING ACTIVITIES				
Acquisition and development of mineral properties	\$(11,709)	\$(12,217)	\$(20,998)	\$(17,071)
Net change in non-cash investing working capital balances	2,028	2,018	2,071	(2,363)
Investing cash flows used by discontinued operations	<u>\$(9,681)</u>	<u>\$(10,199)</u>	<u>\$(18,927)</u>	<u>\$(19,434)</u>

4. TRADE AND OTHER RECEIVABLES

	June 30 2019	December 31 2018
Trade receivables	\$7,037	\$6,846
Taxes receivable	303	238
	<u>\$7,340</u>	<u>\$7,084</u>

As at June 30, 2019, the Red Chris mine trade and other receivables were classified as assets held for sale (Note 3).

5. INVENTORY

	June 30 2019	December 31 2018
Stockpile ore	\$1,485	\$23,030
Concentrate	-	12,115
Supplies	24,089	51,260
Total inventories	25,574	86,405
Less non-current inventories included in other assets (Note 7)	(13,769)	(37,123)
Total current inventories	<u>\$11,805</u>	<u>\$49,282</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

During the period ended June 30, 2019, inventory of \$38,575 was recognized in cost of sales (June 30, 2018-\$56,774 (as restated Note 3)) and an impairment charge of \$3,089 (June 30, 2018-\$539) on concentrate and supplies inventory was included in cost of sales.

As at June 30, 2019, the Company had \$84,780 (December 31, 2018-\$86,405) of inventory pledged as security for debt from continuing and discontinued operations.

As at June 30, 2019, the Red Chris mine inventory was classified as asset held for sale (Note 3).

6. MINERAL PROPERTIES

Cost	Mineral Properties not being Depleted				Total
	Mineral Properties being Depleted	Projects not in Production	Exploration & Evaluation Assets	Plant & Equipment	
Balance December 31, 2017	\$463,431	\$56,881	\$102,165	\$1,368,778	\$1,991,255
Additions	(3,671)	943	742	75,920	73,934
Reclass to non-current inventory	-	-	-	(2,434)	(2,434)
Reclassification	14,157	(14,157)	-	-	-
Foreign exchange movement	-	-	557	70	627
Balance December 31, 2018	473,917	43,667	103,464	1,442,334	2,063,382
Additions from continuing operations	8,769	12	294	1,259	10,334
Additions from discontinued operations (Note 3)	3,163	31	-	20,967	24,161
Reclassification	407	77	-	(484)	-
Foreign exchange movement	-	-	(282)	(35)	(317)
Assets reclassified as held for sale (Note 3)	(107,330)	(43,775)	-	(1,130,829)	(1,281,934)
Balance June 30, 2019	\$378,926	\$12	\$103,476	\$333,212	\$815,626

Accumulated depletion & depreciation & impairment losses	Mineral Properties not being Depleted				Total
	Mineral Properties being Depleted	Projects not in Production	Exploration & Evaluation Assets	Plant & Equipment	
Balance December 31, 2017	\$161,853	\$ -	\$1,645	\$281,897	\$445,395
Depletion and depreciation	18,769	-	-	57,161	75,930
Impairment	101,356	-	-	7,848	109,204
Foreign exchange movement	-	-	-	70	70
Balance December 31, 2018	281,978	-	1,645	346,976	630,599
Depletion and depreciation from continuing operations	351	-	-	6,373	6,724
Depletion and depreciation from discontinued operations	742	-	-	5,957	6,699
Foreign exchange movement	-	-	-	(35)	(35)
Assets reclassified as held for sale (Note 3)	(25,830)	-	-	(174,600)	(200,430)
Balance June 30, 2019	\$257,241	\$ -	\$1,645	\$184,671	\$443,557
<i>Carrying Amount</i>					
Balance December 31, 2017	\$301,578	\$56,881	\$100,520	\$1,086,881	\$1,545,860
Balance December 31, 2018	\$191,939	\$43,667	\$101,819	\$1,095,358	\$1,432,783
Balance June 30, 2019	\$121,685	\$12	\$101,831	\$148,541	\$372,069

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

Additions to Mineral Properties being Depleted for the six months ended June 30, 2019 include an increase of \$8,769, which represents a net change in estimates of future site reclamation provisions (December 31, 2018- reduction of \$3,840).

At June 30, 2019, the net carrying value of deferred stripping costs was \$7,446 (December 31, 2018-\$47,045) and is included in mineral properties.

At June 30, 2019, leased mobile equipment at cost of \$144 (December 31, 2018-\$16,176) and accumulated depreciation of \$36 (December 31, 2018-\$227) was included with plant and equipment.

At June 30, 2019, the Company had provided \$28,370 (December 31, 2018-\$28,370) of security for reclamation bonding obligations by securing certain plant and equipment (Notes 27(a) and (b)).

Red Chris Mine

The Red Chris copper/gold mine is operated by Red Chris Development Company Ltd., a subsidiary of the Company. The property, located in northwest British Columbia, is comprised of the Red Chris Main claim group and the Red Chris South group, and consists of 77 mineral tenures that cover 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.

On March 10, 2019 the Company entered into an agreement to sell a 70% interest in the Red Chris mine to Newcrest for US\$806,500 in cash, while retaining a 30% interest in the mine. The Company and Newcrest will form a joint venture for the operation of the Red Chris mine going forward, with Newcrest acting as operator (Note 3).

Mount Polley Mine

The Mount Polley copper/gold mine is owned and operated by Mount Polley Mining Corporation, a subsidiary of the Company. The property, located in south-central British Columbia, is comprised of 20,038 hectares, consisting of seven mining leases totalling 2,007 hectares, and 43 mineral claims encompassing 18,031 hectares. A production royalty is payable on ore mined from Mining Lease 933970 but no production occurred on this tenure in 2018 or 2019.

On May 26, 2019, Mount Polley mine operations were suspended and the mine is now on care and maintenance until the economics of mining improve.

Huckleberry Mine

The Huckleberry copper mine is owned and operated by Huckleberry Mines Ltd., a subsidiary of the Company. The property, located in west-central British Columbia, is comprised of 24,387 hectares, consisting of two mining leases totalling 2,422 hectares, and 44 mineral claims encompassing 21,965 hectares. Huckleberry mine operations were suspended in August 2016, and the mine remains on care and maintenance status until the economics of mining improve.

Other Exploration Properties

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

7. OTHER ASSETS

	June 30 2019	December 31 2018
Future site reclamation deposits	\$14,324	\$14,324
Non-current inventory - ore stockpile	1,485	22,404
Non-current inventory - supplies	8,754	10,085
Non-current inventory - critical spare parts	3,530	4,634
Other	90	305
	<u>\$28,183</u>	<u>\$51,752</u>

As at June 30, 2019, the Red Chris mine other assets were classified as asset held for sale (Note 3).

8. TRADE AND OTHER PAYABLES

	June 30 2019	December 31 2018
Trade payables	\$14,104	\$37,422
Deferred payables due within one year (Note 9)	5,761	16,819
Accrued liabilities	27,780	50,380
	<u>\$47,645</u>	<u>\$104,621</u>

As at June 30, 2019, the Red Chris mine trade and other payables were classified as liabilities held for sale (Note 3).

9. DEFERRED PAYABLES

	June 30 2019	December 31 2018
Deferred trade payables	\$10,221	\$21,247
Less deferred payables due within one year	(5,761)	(16,819)
	<u>\$4,460</u>	<u>\$4,428</u>

(a) Deferred Trade Payables

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

Interest on the deferred amounts is charged and added to the deferred trade payables balance at Bank Prime Rate plus 5% except for Huckleberry which is at 12%.

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

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

As at June 30, 2019, the Red Chris mine deferred payables of \$8,026 were classified as liabilities held for sale (Note 3).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

10. OTHER OBLIGATIONS

	June 30 2019	December 31 2018
Northwest Transmission Line payable	\$ -	\$52,429
Less portion due within one year	-	(39,321)
	<u>\$ -</u>	<u>\$13,108</u>

Pursuant to a tariff supplement the Company is obligated to reimburse BC Hydro for its portion of the costs related to BC Hydro's construction of the Northwest Transmission Line which provides power to the Red Chris mine. Repayments are due monthly of \$1,192 plus interest at 3.80% per annum. The interest rate is subject to review monthly.

As at June 30, 2019, the Red Chris mine other obligations of \$53,455 were classified as liabilities held for sale (Note 3).

11. SHORT TERM DEBT

Amounts due for short term debt are:

	June 30 2019	December 31 2018
Senior secured revolving credit facility, net of issue costs	(a) \$152,751	\$121,773
Line of credit	(b) 6,000	-
	<u>\$158,751</u>	<u>\$121,773</u>

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

	Six Months Ended June 30 2019	Year Ended December 31 2018
Balance, beginning of period	\$121,773	\$ -
Amounts advanced	46,140	142,954
Proceeds from Senior Credit Facility, net of issuance costs (Note 11)	-	143,875
Senior credit facility reclassified from non-current debt	-	30,300
Amounts repaid	(9,264)	(143,545)
Payment of short term credit facilities	-	(52,613)
Accretion of finance fees	102	211
Foreign exchange loss	-	591
Balance, end of period	<u>\$158,751</u>	<u>\$121,773</u>

(a) Senior Credit Facility

Senior secured revolving credit facility aggregating \$200,000 (December 31, 2018-\$200,000) due September 5, 2019. 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, \$47,189 (December 31, 2018-\$47,156) has been utilized for letters of credit pledged for settlement of future site reclamation provisions (Note 27(a)) and for other liabilities. This facility has been guaranteed by a related party (Note 23).

(b) Line of credit

Unsecured Line of credit of \$10,000 from a related party with interest at 12% payable monthly maturing on September 15, 2019. At June 30, 2019 \$6,000 had been drawn on the line of credit (December 31, 2018-\$nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

12. NON-CURRENT DEBT

Amounts due for non-current debt are:

		June 30 2019	December 31 2018
Second lien secured revolving credit facility, net of issue costs	(a)	\$49,984	\$49,969
Senior unsecured notes, net of issue costs	(b)	425,065	442,781
Junior credit facility	(c)	75,000	75,000
Convertible debentures – 2014	(d)	108,698	106,153
Convertible debentures – 2015	(e)	27,411	26,846
Bridge loan	(f)	26,000	26,000
Equipment loans	(g)	1,900	8,406
Equipment leases	(h)	75	14,340
		<u>714,133</u>	<u>749,495</u>
Less portion due within one year		<u>(577,801)</u>	<u>(603,648)</u>
		<u>\$136,332</u>	<u>\$145,847</u>

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

	Six Months Ended			Year Ended
	Loans	Leases	June 30 2019	December 31 2018
Balance, beginning of period	\$735,156	\$14,339	\$749,495	\$852,378
Continuing operations:				
Amounts advanced, net of issue costs	130,704	-	130,704	70,347
Portion of senior credit facility reclassified to short term debt (Note 11)	-	-	-	(30,300)
Foreign exchange (gains) losses	(18,027)	-	(18,027)	35,689
Accretion of debt issue costs	971	-	971	2,926
Accretion of interest on convertible debentures and leases	3,110	3	3,113	6,057
Amounts repaid	(132,538)	(26)	(132,564)	(202,395)
	<u>(15,780)</u>	<u>(23)</u>	<u>(15,803)</u>	<u>(117,676)</u>
Discontinued operations:				
Amounts advanced, net of issue costs	-	-	-	18,168
Foreign exchange (gains) losses	-	(553)	(553)	668
Accretion of interest on leases	-	297	297	213
Amounts repaid	(2,579)	(1,676)	(4,255)	(4,256)
Liabilities reclassified as held for sale (Note 3)	(2,739)	(12,309)	(15,048)	-
	<u>(5,318)</u>	<u>(14,241)</u>	<u>(19,559)</u>	<u>14,793</u>
Balance, end of period	714,058	75	714,133	749,495
Less portion due within one year	(577,752)	(49)	(577,801)	(603,648)
	<u>\$136,306</u>	<u>\$26</u>	<u>\$136,332</u>	<u>\$145,847</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

The Company has the following debt facilities:

(a) Second Lien Credit Facility

Second lien secured revolving credit facility aggregating \$50,000 (December 31, 2018-\$50,000) due September 9, 2019. 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 (Note 11). This facility has been guaranteed by a related party (Note 23).

(b) Senior Unsecured Notes

Senior unsecured notes (the "Notes") due September 15, 2019 aggregating US\$325,000 with interest at 7% per annum payable on September 15. The Notes, net of transaction costs, are accounted for at amortized cost using the effective interest method. 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. During the three months ended March 31, 2019 the Company issued new Notes for US\$98,445 and repaid US\$98,445 of existing Notes. The maturity date of Notes was then extended from March 15, 2019 to September 15, 2019.

(c) Junior Credit Facility

The junior credit facility is from a related party (Note 23). It aggregates \$75,000 (December 31, 2018-\$75,000) and is unsecured with interest payable semi-annually at 10% per annum. The facility is due on September 12, 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. Interest payments during the period October 31, 2017 to January 1, 2019 were payable in common shares of the Company based on the volume weighted average share price of the Company on the Toronto Stock Exchange.

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

(d) 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 December 2017 the conversion price was reduced from \$11.91 to \$11.69 per common share. The face value of the convertible debentures are convertible into common shares of the Company at the option of the holder upon at least 61 days advance notice at any time prior to maturity at a conversion price of \$11.69 per common share. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 125% of the conversion price for at least 30 consecutive days. At the option of the Company, subject to the separate approval of the Toronto Stock Exchange and compliance with all applicable securities laws, such interest may be paid through the issuance of additional convertible debentures or common shares of the Company. Interest payments during the period October 31, 2017 to January 1, 2019 were payable in common shares of the Company based on the volume weighted average share price of the Company on the Toronto Stock Exchange.

In January 2019 the Company issued 2,851,111 common shares at an ascribed value of \$1.22 per share for a total of \$3,478 in payment of the interest due on December 31, 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

(e) Convertible Debentures - 2015

The debentures with a face value of \$30,000 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 December 31, 2016. As a result of the rights offering completed in December 2017 the conversion price was reduced from \$12.00 to \$11.77 per common share. The face value of the convertible debentures are convertible into common shares of the Company at the option of the holder upon at least 61 days advance notice at any time prior to maturity at a conversion price of \$11.77 per common share. The convertible debentures are not callable unless the closing price of the Company's common shares exceeds 125% of the conversion price for at least 30 consecutive days. Interest payments on \$27,900 of the \$30,000 outstanding debentures during the period October 31, 2017 to January 1, 2019 were payable in common shares of the Company based on the volume weighted average share price of the Company on the Toronto Stock Exchange.

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

(f) Bridge loan

Bridge loan of \$26,000 (December 31, 2018-\$26,000) maturing on September 11, 2019. The Bridge loan (50%) is provided by a related party and is secured by all assets of the Company and is subordinated to the Senior Credit Facility and Second Lien Credit Facility lenders. Interest on the Bridge loan is payable monthly at the rate of 8% per annum.

(g) Equipment Loans

The outstanding amount of equipment loans is \$1,900 (December 31, 2018-\$8,406) at a weighted average interest rate of 5.90% with monthly payments of \$214. All equipment loans are secured by the financed equipment.

(h) Equipment Leases

	Interest Rate	Monthly payment	June 30 2019	December 31 2018
Equipment Leases	6.25%	\$4	\$75	\$99
			June 30 2019	December 31 2018
Contractual Lease Payments				
Due in less than one year			\$53	\$3,482
Due in one to five years			26	12,339
Total undiscounted lease liabilities, end of period			\$79	\$15,821

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

13. FUTURE SITE RECLAMATION PROVISIONS

The Company has recognized provisions for future site reclamation at its Red Chris, Mount Polley, Huckleberry, Ruddock Creek and Catface properties. Although the ultimate amounts of the future site reclamation provisions are uncertain, the fair value of these obligations is based on information currently available, including closure plans and applicable regulations. The amounts and timing of closure plans for the mineral properties will vary depending on a number of factors including exploration success and alternative mining plans. Significant closure activities include land rehabilitation, water treatment, demolition of facilities, monitoring and other costs.

Changes to the future site reclamation provisions are:

	Six Months Ended June 30 2019	Year Ended December 31 2018
Balance, beginning of period	\$97,668	\$98,342
Continuing operations:		
Accretion	1,295	2,762
Change in estimates of future costs, discount rate and effect of translation of foreign currencies	8,769	(4,978)
Discontinued operations:		
Accretion (Note 3)	223	405
Change in estimates of future costs, discount rate and effect of translation of foreign currencies	3,163	1,137
Amount classified as liabilities held for sale (Note 3)	(17,586)	-
	<u>\$93,532</u>	<u>\$97,668</u>

The total undiscounted amount of estimated future cash flows required to settle the obligations is \$152,259 (December 31, 2018-\$174,566). The estimated future cash flows were then adjusted using a 2.0% (December 31, 2018-2.0%) rate of inflation. The estimated future cash flows have been discounted using a rate of 2.73% (December 31, 2018-3.15%) except for obligations related to Mount Polley and Huckleberry beyond 2048 that are discounted using a rate of 3.73% (December 31, 2018-4.15%). Obligations in amount of \$70,682 are expected to be settled in the years 2019 through 2048.

The amounts and timing of closure plans for the mineral properties will vary depending on a number of factors including exploration success and alternative mining plans. Refer to Notes 27(a) and (b) for assets pledged and legally restricted for the purposes of settling future site reclamation provisions and the obligation to increase reclamation bond funding.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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 June 30, 2019, a total of 10,256,048 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.

Movements in Share Options

The changes in share options were as follows:

	Six Months Ended June 30, 2019		Year Ended December 31, 2018	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,594,000	\$9.16	3,601,900	\$8.13
Forfeited	(42,000)	\$8.00	(108,000)	\$8.00
Expired	(97,000)	\$8.00	(899,900)	\$5.19
Outstanding at end of period	2,455,000	\$9.23	2,594,000	\$9.16
Options exercisable at end of period	1,911,000	\$9.64	2,008,000	\$9.56

The following table summarizes information about the Company's share options outstanding at June 30, 2019:

Exercise Prices	Options Outstanding		Options Exercisable	
	Options Outstanding	Remaining Contractual Life in Years	Options Outstanding & Exercisable	Remaining Contractual Life in Years
\$5.75	65,000	8.51	13,000	8.51
\$5.93	156,000	0.50	156,000	0.50
\$8.00	1,254,000	6.43	762,000	6.43
\$11.55	980,000	1.30	980,000	1.20
	2,455,000	4.06	1,911,000	3.33

No share options were exercised during the six months ended June 30, 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

15. COST OF SALES

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Operating expenses	\$12,451	\$14,473	\$20,940	\$33,539
Salaries, wages and benefits	7,881	4,210	13,083	13,524
Depletion and depreciation	3,521	5,251	6,144	12,657
Share based compensation	(25)	29	(9)	57
	<u>\$23,828</u>	<u>\$23,963</u>	<u>\$40,158</u>	<u>\$59,777</u>

Included in cost of sales for the six months ended June 30, 2019 is \$3,089 (June 30, 2018-\$539) of impairment charges in relation to concentrate and supplies inventory (Note 5).

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

16. GENERAL AND ADMINISTRATION

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Administration costs	\$1,616	\$1,173	\$2,569	\$2,209
Share based compensation	95	155	188	309
Depreciation	8	32	15	64
Foreign exchange loss (gain)	(167)	270	15	619
	<u>\$1,552</u>	<u>\$1,630</u>	<u>\$2,787</u>	<u>\$3,201</u>

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

17. INTEREST EXPENSE

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Interest on non-current debt	\$14,853	\$17,348	\$29,928	\$34,390
Other interest	3,238	933	6,560	1,704
	<u>\$18,091</u>	<u>\$18,281</u>	<u>\$36,488</u>	<u>\$36,094</u>

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

18. OTHER FINANCE INCOME (LOSS)

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Accretion of future site reclamation provisions	\$(638)	\$(689)	\$(1,295)	\$(1,375)
Foreign exchange gain (loss) on non-current debt	8,975	(8,905)	18,027	(20,317)
Fair value adjustment for debt settled in common shares	-	-	(3,356)	-
Fair value adjustment to marketable securities	(44)	(215)	(202)	624
	8,293	(9,809)	13,174	(21,068)
Interest income	2,609	45	4,781	110
Other finance income (loss)	\$10,902	\$(9,764)	\$17,955	\$(20,958)

In accordance with the terms of certain debt agreements (Notes 12(c), 12(d) and 12(e)) the Company issued common shares pursuant to the formula set out in the agreements in payment of interest owed. The fair value of the common shares on the specific date of issuance was greater than the book value of the interest owed and therefore in compliance with IFRS the Company recorded a loss of \$3,356 in the statement of income for the corresponding fair value adjustment.

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

19. PROVISION FOR REHABILITATION COSTS

On August 4, 2014, the tailings dam at the Mount Polley mine near Likely, British Columbia was breached. At that time, the Company charged to expense the estimated rehabilitation costs, and during the year ended December 31, 2018 the rehabilitation provision was increased by \$151 to reflect assumptions and estimates as of that date.

The provision for rehabilitation contains significant estimates and judgments about the scope, timing and cost of the work that will be required. It is based on assumptions and estimates at June 30, 2019, and is subject to revision in the future as further information becomes available to the Company.

Changes in the provision for rehabilitation costs are as follows:

	Six Months	Year Ended
	Ended June 30	December 31
	2019	2018
Balance, beginning of the period	\$3,332	\$5,335
Costs incurred in the period	(663)	(2,154)
Increase in provision	-	151
Balance, end of the period	2,669	3,332
Less portion expected to be incurred within one year	(1,960)	(2,265)
	\$709	\$1,067

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

20. INCOME AND MINING TAX RECOVERY

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Current income and mining taxes recovery (expense)	\$ (54)	\$ (14)	\$ 8,058	\$ (265)
Deferred income and mining taxes	4,053	10,686	10,016	12,178
	<u>\$3,999</u>	<u>\$10,672</u>	<u>\$18,074</u>	<u>\$11,913</u>

During the three months ended March 31, 2019 the Company received a favorable judgment with respect to BC mineral tax paid in prior years and recognised a tax receivable of \$8,112. These taxes were collected in June 2019.

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

21. EARNINGS (LOSS) PER SHARE

Basic earnings per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares outstanding during the year. The basic and diluted earnings per share are the same as there are no instruments that have a dilutive effect on earnings.

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Net Loss	<u>\$ (7,450)</u>	<u>\$ (36,555)</u>	<u>\$ (9,718)</u>	<u>\$ (52,721)</u>
Weighted-average number of common shares outstanding	127,110,479	117,648,245	126,104,879	117,203,671
Basic and diluted loss per common share	<u>\$ (0.06)</u>	<u>\$ (0.31)</u>	<u>\$ (0.08)</u>	<u>\$ (0.45)</u>
Net Loss from continuing operations	<u>\$ (9,677)</u>	<u>(22,390)</u>	<u>\$ (12,014)</u>	<u>\$ (53,468)</u>
Weighted-average number of common shares outstanding	127,110,479	117,648,245	126,104,879	117,203,671
Basic and diluted loss per common share	<u>\$ (0.08)</u>	<u>\$ (0.19)</u>	<u>\$ (0.10)</u>	<u>\$ (0.46)</u>
Net Income (loss) from discontinued operations	<u>\$ 2,227</u>	<u>\$ (14,165)</u>	<u>\$ 2,296</u>	<u>\$ 747</u>
Weighted-average number of common shares outstanding	127,110,479	117,648,245	126,104,879	117,203,671
Basic and diluted earnings (loss) per common share	<u>\$ 0.02</u>	<u>\$ (0.12)</u>	<u>\$ 0.02</u>	<u>\$ 0.01</u>

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

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Stock options	2,455,000	3,407,900	2,455,000	3,407,900
Warrants	909,091	909,091	909,091	909,091
Convertible debentures	12,386,321	12,386,321	12,386,321	12,386,321

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

22. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Trade and other receivables	\$5,970	\$3,599	\$4,694	\$6,857
Inventory	6,740	(2,855)	2,878	(1,728)
Prepaid expenses and deposits	104	(49)	(177)	164
Trade and other payables	(6,061)	(4,692)	(8,913)	(12,285)
Deferred trade payables (Note 9(a))	-	322	(1,479)	(41)
Provision for rehabilitation costs	(434)	(452)	(663)	(704)
	<u>\$6,319</u>	<u>\$(4,127)</u>	<u>\$(3,660)</u>	<u>\$(7,737)</u>

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

During the six months ended June 30, 2019, the Company issued 6,327,894 common share at an ascribed value of \$1.22- \$1.53 per share for \$8,102 in payment of accrued interest on the Junior Credit Facility (Note 12 (c)), the 2014 Convertible Debentures (Note 12(d)) and a portion of the 2015 Convertible Debentures (Note 12(e)).

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

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Trade and other payables	<u>\$511</u>	<u>\$(41)</u>	<u>\$302</u>	<u>\$83</u>

23. 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 June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Loan guarantee fee for guarantee of second lien credit facility (Note 12(a))	\$281	\$483	\$558	\$961
Loan guarantee fee for guarantee of senior credit facility (Note 11)	\$1,121	\$ -	\$2,231	\$ -
Line of credit arrangement fee	\$100	\$ -	\$100	\$ -
Interest expense	\$6,686	\$4,216	\$11,347	\$8,354

Statement of Financial Position

	June 30	December 31
	2019	2018
Accrued interest on senior unsecured notes, convertible debentures, junior credit facility and bridge loan	\$8,964	\$7,010
Junior credit facility	\$75,000	\$75,000
Senior unsecured notes (June 30, 2019-US\$151,765, Dec 31, 2018-US\$53,320)	\$198,615	\$72,739
Convertible debentures	\$59,000	\$59,000
Bridge loan	\$13,000	\$13,000
Line of credit	\$6,000	\$ -

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

24. COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

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

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Short term benefits ⁽¹⁾	\$433	\$353	\$808	\$717
Share based payments ⁽²⁾	\$ -	\$ -	\$ -	\$ -

⁽¹⁾ Short term employee benefits include salaries, estimated bonuses payable within the year of the Statement of Financial Position date and other annual employee benefits. Directors and other key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended June 30, 2019 and 2018.

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

25. 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 totalling \$7,221 as at June 30, 2019 (December 31, 2018-\$8,215), which are located in the USA. The Company's reportable segments reflect the internal reporting used by the Company's management to report to the chief operating decision maker.

Reportable Segments

	Three Months Ended June 30, 2019					
	Red Chris ⁽¹⁾	Mount Polley	Huckleberry	Sterling	Corporate	Total
Continuing operations:						
Reportable segmented revenues	\$ -	\$22,397	\$350	\$ -	\$58	\$22,805
Less inter-segment revenues	-	(741)	(350)	-	(41)	(1,132)
Revenues from external sources	\$ -	\$21,656	\$ -	\$ -	\$17	\$21,673
Depletion and depreciation	\$ -	\$4,034	\$214	\$ -	\$8	\$4,256
Interest (expense) and other finance income (expense)	\$(5,560)	\$(3,694)	\$2,115	\$(25)	\$(25)	\$(7,189)
Net income (loss) from continuing operations	\$(1,629)	\$(4,586)	\$(1,538)	\$18	\$(1,942)	\$(6,677)
Discontinued operations:						
Reportable segmented revenues	\$61,507	\$ -	\$ -	\$ -	\$ -	\$61,507
Inter-segment revenues	438	-	-	-	-	438
Revenues from external sources	\$61,945	\$ -	\$ -	\$ -	\$ -	\$61,945
Depletion and depreciation	\$132	\$ -	\$ -	\$ -	\$ -	\$132
Interest (expense) and other finance income (expense)	\$(938)	\$ -	\$ -	\$ -	\$ -	\$(938)
Net income from discontinued operations	\$2,227	\$ -	\$ -	\$ -	\$ -	\$2,227
Net income (loss)	\$598	\$(4,586)	\$(1,538)	\$18	\$(1,942)	\$(7,450)
Capital expenditures (continuing and discontinued operations)	\$11,709	\$589	\$1	\$ -	\$232	\$12,531
Assets from continuing operations	\$ -	\$167,286	\$230,958	\$7,220	\$43,573	\$449,037
Assets held for sale	1,142,219	-	-	-	-	1,142,219
Total assets	\$1,142,219	\$167,286	\$230,958	\$7,220	\$43,573	\$1,591,256
Liabilities from continuing operations	\$765,852	\$209,953	\$67,656	\$8	\$4,557	\$1,048,026
Liabilities held for sale	138,419	-	-	-	-	138,419
Total liabilities	\$904,271	\$209,953	\$67,656	\$8	\$4,557	\$1,186,445

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

Reportable Segments

Three Months Ended June 30, 2018

Restated (Note 3)

	Red Chris ⁽¹⁾	Mount Polley	Huckleberry	Sterling	Corporate	Total
Continuing operations:						
Reportable segmented revenues	\$ -	\$23,081	\$460	\$ -	\$13	\$23,554
Less inter-segment revenues	-	(291)	(460)	-	(12)	(763)
Revenues from external sources	\$ -	\$22,790	\$ -	\$ -	\$1	\$22,791
Depletion and depreciation	\$ -	\$5,251	\$301	\$ -	\$32	\$5,584
Interest and other finance income (expense)	\$(34,610)	\$(4,566)	\$831	\$(901)	\$(17)	\$(39,263)
Net income (loss) from continuing operations	\$(15,198)	\$(2,397)	\$(1,956)	\$(16)	\$(2,823)	\$(22,390)
Discontinued operations:						
Reportable segmented revenues	\$57,307	\$ -	\$ -	\$ -	\$ -	\$57,307
Inter-segment revenues	(32)	-	-	-	-	(32)
Revenues from external sources	\$57,275	\$ -	\$ -	\$ -	\$ -	\$57,275
Depletion and depreciation	\$11,182	\$ -	\$ -	\$ -	\$ -	\$11,182
Interest and other finance income (expense)	\$(1,418)	\$ -	\$ -	\$ -	\$ -	\$(1,418)
Net income (loss) from discontinued operations	\$(14,165)	\$ -	\$ -	\$ -	\$ -	\$(14,165)
Net income (loss)	\$(29,363)	\$(2,397)	\$(1,956)	\$(16)	\$(2,823)	\$(36,555)
Capital expenditures (continuing and discontinued operations)	\$12,217	\$3,503	\$1	\$ -	\$103	\$15,824
Total assets	\$1,087,728	\$300,795	\$229,213	\$9,656	\$34,555	\$1,661,947
Total liabilities	\$881,541	\$244,937	\$65,243	\$8	\$680	\$1,192,409

⁽¹⁾ For the three months ended June 30, 2019 and the comparative period ended June 30, 2018, the Red Chris mine was classified as a discontinued operation and accordingly income (loss) and cash flows from continuing operations are presented exclusive of the Red Chris mine. Refer to Note 3 for further details.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

Reportable Segments

	Six Months Ended June 30, 2019					Total
	Red Chris ⁽¹⁾	Mount Polley	Huckleberry	Sterling	Corporate	
Continuing operations:						
Reportable segmented revenues	\$ -	\$36,949	\$732	\$ -	\$67	\$37,748
Less inter-segment revenues	-	(1,491)	(732)	-	(49)	(2,272)
Revenues from external sources	\$ -	\$35,458	\$ -	\$ -	\$18	\$35,476
Depletion and depreciation	\$ -	\$6,656	\$429	\$ -	\$15	\$7,100
Interest (expense) and other finance income (expense)	\$(11,033)	\$(7,495)	\$3,562	\$(198)	\$(3,369)	\$(18,533)
Net income (loss) from continuing operations	\$(3,181)	\$(9,310)	\$6,796	\$(113)	\$(6,206)	\$(12,014)
Discontinued operations:						
Reportable segmented revenues	\$123,961	\$ -	\$ -	\$ -	\$ -	\$123,961
Less inter-segment revenues	862	-	-	-	-	862
Revenues from external sources	\$124,823	\$ -	\$ -	\$ -	\$ -	\$124,823
Depletion and depreciation	\$9,222	\$ -	\$ -	\$ -	\$ -	\$9,222
Interest (expense) and other finance income (expense)	\$(1,849)	\$ -	\$ -	\$ -	\$ -	\$(1,849)
Net income from discontinued operations	\$2,296	\$ -	\$ -	\$ -	\$ -	\$2,296
Net income (loss)	\$(885)	\$(9,310)	\$6,796	\$(113)	\$(6,206)	\$(9,718)
Capital expenditures (continuing and discontinued operations)						
	\$20,998	\$1,267	\$3	\$ -	\$286	\$22,554
Assets from continuing operations	\$ -	\$167,286	\$230,958	\$7,220	\$43,573	\$449,037
Assets held for sale	1,142,219	-	-	-	-	1,142,219
Total assets	\$1,142,219	\$167,286	\$230,958	\$7,220	\$43,573	\$1,591,256
Liabilities from continuing operations	\$765,852	\$209,953	\$67,656	\$8	\$4,557	\$1,048,026
Liabilities held for sale	138,419	-	-	-	-	138,419
Total liabilities	\$904,271	\$209,953	\$67,656	\$8	\$4,557	\$1,186,445

⁽¹⁾ For the six months ended June 30, 2019 and the comparative period ended June 30, 2018, the Red Chris mine was classified as a discontinued operation and accordingly income (loss) and cash flows from continuing operations are presented exclusive of the Red Chris mine. Refer to Note 3 for further details.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

Reportable Segments

Six Months Ended June 30, 2018

Restated (Note 3)

	Red Chris ⁽¹⁾	Mount Polley	Huckleberry	Sterling	Corporate	Total
Continuing operations:						
Reportable segmented revenues	\$ -	\$59,414	\$762	\$ -	\$27	\$60,203
Less inter-segment revenues	-	(597)	(762)	-	(26)	(1,385)
Revenues from external sources	\$ -	\$58,817	\$ -	\$ -	\$1	\$58,818
Depletion and depreciation	\$ -	\$12,657	\$660	\$ -	\$64	\$13,381
Interest (expense) and other finance income (expense)	\$(48,580)	\$(8,242)	\$688	\$(901)	\$(17)	\$(57,052)
Net income (loss) from continuing operations	\$(40,420)	\$(8,285)	\$(3,409)	\$864	\$(2,398)	\$(53,468)
Discontinued operations:						
Reportable segmented revenues	\$139,223	\$ -	\$ -	\$ -	\$ -	\$139,223
Less inter-segment revenues	(63)	-	-	-	-	(63)
Revenues from external sources	\$139,160	\$ -	\$ -	\$ -	\$ -	\$139,160
Depletion and depreciation	\$25,042	\$ -	\$ -	\$ -	\$ -	\$25,042
Interest (expense) and other finance income (expense)	\$(2,621)	\$ -	\$ -	\$ -	\$ -	\$(2,621)
Net income from discontinued operations	\$747	\$ -	\$ -	\$ -	\$ -	\$747
Net income (loss)	\$(39,493)	\$(8,285)	\$(3,409)	\$864	\$(2,398)	\$(52,721)
Capital expenditures (continuing and discontinued operations)	\$17,071	\$7,730	\$2	\$ -	\$156	\$24,959
Total assets	\$1,087,728	\$300,795	\$229,213	\$9,656	\$34,555	\$1,661,947
Total liabilities	\$881,541	\$244,937	\$65,243	\$8	\$680	\$1,192,409

⁽¹⁾ For the six months ended June 30, 2019 and the comparative period ended June 30, 2018, the Red Chris mine was classified as a discontinued operation and accordingly income (loss) and cash flows from continuing operations are presented exclusive of the Red Chris mine. Refer to Note 3 for further details.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

Revenue by Geographic Area

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Switzerland	\$21,656	\$22,790	\$35,458	\$58,942
United States	-	-	-	(125)
Canada	17	1	18	1
	<u>\$21,673</u>	<u>\$22,791</u>	<u>\$35,476</u>	<u>\$58,818</u>

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

Revenues are attributed to geographic area based on country of customer. In the period ended June 30, 2019, the Company had one principal customer from continuing operations accounting for 100% of revenues (June 30, 2018—two principal customers accounting for 81% and 19% of revenues).

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

Revenue by Major Product and Service

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	Restated (Note 3)		Restated (Note 3)	
Copper	\$8,119	\$11,018	\$16,072	\$27,697
Gold	13,401	11,610	19,127	30,952
Silver	136	162	259	168
Other	17	1	18	1
	<u>\$21,673</u>	<u>\$22,791</u>	<u>\$35,476</u>	<u>\$58,818</u>

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

Provisionally Priced Revenues

As a result of the provisional pricing terms in its sales contracts, the Company is exposed to commodity price risk until final pricing is determined. Therefore, revenues in subsequent periods will be adjusted for any changes to provisionally priced accounts receivables outstanding at period end. Final pricing is usually four to five months after the date of shipment and therefore changes in metal prices may have a material impact on the final revenue.

Provisionally priced revenues for continuing operations is comprised of the following:

	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Provisional lb/oz	Provisional Price per lb/oz	Provisional lb/oz	Provisional Price per lb/oz
	Restated (Note 3)		Restated (Note 3)	
	000's	US\$	000's	US\$
Copper	2,927.9	\$2.71	6,313.6	\$2.97
Gold	8.0	\$1,410	4.2	\$1,266

Red Chris mine operations were classified as discontinued operations for the three and six months ended June 30, 2019 and June 30, 2018 accordingly (Note 3).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

26. 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 12(b)), management believes that the carrying value of remaining non-current and short term debt approximates fair value. There have been no trades in the Notes since March 2019 and therefore the dealer that provides the quotes was unable to provide the fair value of the Notes at June 30, 2019 (December 31, 2018-\$297,055 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.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as June 30, 2019 as follows:

	Level 1	Level 2	Total
Financial Assets			
Cash	\$17,511	\$ -	\$17,511
Marketable securities	608		608
Provisionally priced accounts receivables	-	2,469	2,469
Future site reclamation deposits	14,324	-	14,324
	<u>32,443</u>	<u>2,469</u>	<u>34,912</u>
Financial Liabilities			
Amounts owing on provisionally priced receivables included in trade and other payables	-	(3,147)	(3,147)
	<u>\$32,443</u>	<u>\$(678)</u>	<u>\$31,765</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

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

27. COMMITMENTS AND PLEDGES

(a) At June 30, 2019, the Company has pledged the following assets for settlement of future site reclamation provisions:

Future site reclamation deposits included with other assets (Note 7)	\$14,324
Mineral property, plant and equipment	28,370
Letters of credit (Note 11)	42,510
	<u>\$85,204</u>

(b) The Company has provided \$28,370 for reclamation bonding obligations by securing certain plant and equipment. This security may be required to be replaced with cash security.

28. CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. In the opinion of management, none of these matters will have a material effect on the Company's consolidated financial position or financial performance.

On August 4, 2014 the tailings dam at the Mount Polley mine near Likely, British Columbia was breached. At June 30, 2019 the Company has a provision of \$2,669 for future rehabilitation activities related to the Mount Polley mine tailings dam breach (Note 19). 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 June 30, 2019. However, the Company is of the view that the allegations contained in the Claim are without merit and intends to vigorously defend its position.

29. SUBSEQUENT EVENT

Subsequent to June 30, 2019 the Company issued 1,379,695 common shares at an ascribed value of \$2.48 per share for a total amount of \$3,422 in payment of the interest due on June 30, 2019 on 2014 Convertible Debentures (Note 12 (d)).



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