

2010 SECOND QUARTER REPORT

TO OUR SHAREHOLDERS

Imperial's comparative financial results for the three and six months ended June 30, 2010 and June 30, 2009 are summarized below and discussed in detail in the Management's Discussion and Analysis.

<i>(unaudited) in thousands except per share amounts</i>	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Revenues	\$53,528	\$48,897	\$122,899	\$83,795
Operating Income	\$5,372	\$856	\$7,311	\$3,449
Net Income (Loss)	\$12,956	\$(6,562)	\$10,467	\$(13,900)
Net Income (Loss) Per Share	\$0.36	\$(0.20)	\$0.29	\$(0.43)
Adjusted Net Income ⁽¹⁾	\$1,175	\$2,575	\$8,027	\$13,856
Adjusted Net Income Per Share ⁽¹⁾	\$0.03	\$0.09	\$0.23	\$0.43
Cash Flow ⁽¹⁾	\$7,971	\$15,484	\$18,030	\$20,171
Cash Flow Per Share ⁽¹⁾	\$0.22	\$0.48	\$0.51	\$0.62

Revenues were \$53.5 million in the June 2010 quarter compared to \$48.9 million in the 2009 quarter. There were two concentrate shipments from Mount Polley in both the 2010 and 2009 second quarters ending June 30. The copper price dropped during the June 2010 quarter resulting in a negative revenue adjustment of \$11.3 million, while increasing prices during the 2009 quarter resulted in a positive adjustment of \$6.1 million.

Operating income for the three months ended June 2010 increased to \$5.4 million from \$0.9 million in the June 2009 period due to a recovery of share based compensation expense and lower foreign exchange losses.

The Company recorded net income of \$13.0 million in the June 2010 quarter compared to net loss of \$6.6 million in the 2009 quarter. Derivative instrument gains in the current quarter compared to losses in the prior year had a major impact on the net income. Adjusted net income in the quarter was \$1.2 million or \$0.03 per share, versus \$2.6 million or \$0.09 per share in the June 2009 quarter. Adjusted net income is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from mark to market revaluation of copper and foreign exchange hedging and removing the unrealized share based compensation expense, net of taxes. Adjusted net income is not a term recognized under generally accepted accounting principles however it does show the current quarter financial results excluding the effect of items not settling in the current quarter.

Gains on derivative instruments were \$11.1 million in the June 2010 quarter compared to losses of \$9.2 million in the June 2009 quarter including unrealized net gains on copper and currency derivatives of \$12.1 million in the June quarter compared to unrealized losses of \$13.9 million in the June 2009 quarter when copper prices increased significantly. The Company realized losses of \$1.0 million on copper and currency derivatives in the June 2010 quarter compared to gains of \$4.7 million in the 2009 quarter when copper prices were recovering from the lows of 2008.

⁽¹⁾ Adjusted Net Income, Adjusted Net Income Per Share, Cash Flow and Cash Flow Per Share are measures used by the Company to evaluate its performance; however, they are not terms recognized under generally accepted accounting principles. Adjusted Net Income is defined as net income adjusted for certain items of a non-operational nature that pertain to future quarters as described in further detail in the Management's Discussion and Analysis under the heading Adjusted Net Income. Cash Flow is defined as cash flow from operations before net change in working capital balances. Adjusted Net Income and Cash Flow Per Share are the same measures divided by the weighted average number of common shares outstanding during the quarter.

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.

Cash flow decreased to \$8.0 million in the June 2010 quarter compared to \$15.5 million in the 2009 quarter. The \$7.5 million decrease is primarily the result of decreased operating margins at the Huckleberry mine, realized losses on derivative instruments in 2010 compared to realized gains in 2009, and increased general and administration costs.

Capital expenditures increased to \$12.0 million from \$6.0 million in the comparative 2009 quarter. Expenditures in the June 2010 quarter were financed from cash flow from the Mount Polley and Huckleberry mines. At June 30, 2010 the Company had \$25.9 million in cash and cash equivalents.

During the June 2010 quarter the Company did not purchase any common shares for cancellation.

Mount Polley Mine

Production	Six Months Ended June 30	
	2010	2009
<i>(unaudited)</i>		
Ore milled (tonnes)	3,868,170	3,456,269
Ore milled per calendar day (tonnes)	21,371	19,095
Grade % - Copper	0.323	0.393
Grade g/t - Gold	0.300	0.309
Recovery % – Copper	63.4	57.19
Recovery % – Gold	67.5	66.04
Copper produced (lbs)	17,442,703	17,135,481
Gold produced (oz)	25,160	22,667
Silver produced (oz)	83,289	114,511

Mill throughput averaged 22,460 tonnes per day during the second quarter, which is a record quarterly average throughput for the Mount Polley concentrator.

Copper production for the 2010 six month period increased slightly to 17.4 million pounds compared to 17.1 million pounds in the same period in 2009. Gold production benefited from increased throughput totaling 25,160 troy ounces, an increase from 22,667 troy ounces in the first half of 2009.

In the second quarter, exploration at Mount Polley had two diamond drills in operation. Work continued on an underground ramp to provide access to more fully explore and to test mine higher grade mineralization in the Boundary zone. Exploration expenditures at Mount Polley were \$1.5 million in the June 2010 quarter compared to \$1.4 million in the June 2009 quarter.

The wholly owned Mount Polley open pit copper/gold mine is located 56 kilometres northeast of Williams Lake, British Columbia.

Huckleberry Mine

Production	Six Months Ended June 30	
<i>(100% - Imperial owns 50%) (unaudited)</i>	2010	2009
Ore milled (tonnes)	2,805,400	3,007,400
Ore milled per calendar day (tonnes)	15,500	16,616
Grade (%) – Copper	0.382	0.359
Grade (%) – Molybdenum	0.008	0.006
Recovery (%) – Copper	91.3	90.8
Copper produced (lbs)	21,564,000	21,622,000
Gold produced (oz)	1,536	1,667
Silver produced (oz)	96,269	127,785
Molybdenum produced (lbs)	58,958	10,227

Copper production for the 2010 six month period was down slightly to 21.5 million pounds compared to 21.6 million pounds in the 2009 six month period.

A diamond drill program is underway to further test the Main zone mineralization.

Imperial owns 50% of the Huckleberry open pit copper/molybdenum mine located 123 kilometres southwest of Houston, British Columbia.

Red Chris

Exploration and development expenditures at Red Chris were \$4.5 million in the June 2010 quarter compared to \$0.4 million in the June 2009 quarter due to the increase in the number of drills on the property, and ramped up development work.

Exploration continued at Red Chris with five diamond drills in operation, testing the deposit beneath the (2004) open pit design to a depth of approximately one kilometre.

The Red Chris copper/gold property in northwest British Columbia is 80 kilometres south of Dease Lake and 18 kilometres southeast of the village of Iskut.

Sterling

Since mid-February 2010 the 144 zone has been investigated with underground development and sampling. Approximately 600 feet of underground development has been completed to date, of which approximately 343 feet is in the 144 zone mineralization. Information from the rib and face sampling will be used to upgrade the resource estimate. The material excavated from the 144 zone will also provide additional samples for metallurgical testing.

The Sterling gold property is located 115 miles northwest of Las Vegas, Nevada.

Catface

The 2010 diamond drill program at the Catface copper/molybdenum property commenced in late May. The first drill hole, which tested the copper/molybdenum mineralization of the Cliff zone in a north-south direction, was completed during the second quarter. Drilling continues with a total of six or seven holes planned to test the Cliff and Irishman Creek zones.

The Catface property is located on Catface Peninsula on the west coast of Vancouver Island, west of Port Alberni, British Columbia.

Ruddock Creek

The 2010 exploration program at Ruddock Creek commenced in early July following the signing of a Memorandum of Understanding with Itochu Corporation and Mitsui Mining and Smelting Co. Ltd., whereby Itochu/Mitsui may earn up to a 50% interest in the property by providing \$20 million in exploration and development funding over three years. The surface exploration program includes construction of access roads to the Creek zone and surface diamond drilling to expand on the known zinc/lead mineralization in this area. The initial underground exploration program consists of de-watering the existing development and extending the decline an additional 400 metres to provide access for diamond drilling to extend the E zone to depth.

The Ruddock Creek zinc/lead property is located in the Scrip Range of the Monashee Mountains in southeast British Columbia, approximately 155 kilometres northeast of Kamloops.

Outlook

Operations continue to be strong with excellent throughput achieved from the concentrator at Mount Polley.

Copper prices, which dipped in the second quarter, have rebounded significantly and cash flow from operations is funding extensive exploration programs at Red Chris, Mount Polley, Sterling and Catface.

The mine development schedule of Red Chris is being planned to match the schedule for the construction of the Northwest Transmission Line (an extension to the BC Hydro grid to serve the northwestern corner of British Columbia). The Company anticipates being the first customer to connect to the Northwest Transmission Line.



Brian Kynoch
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