
Imperial Reports First Quarter 2020 Financial Results

Vancouver | **May 12, 2020** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for the three months ended March 31, 2020, as summarized in this release and discussed in detail in the Management’s Discussion & Analysis. The Company’s financial results are prepared in accordance with International Financial Reporting Standards. The reporting currency of the Company is the Canadian (“CDN”) Dollar.

QUARTER HIGHLIGHTS

FINANCIAL

On February 20, 2019 the Company initiated a process for the sale of the Red Chris mine and in accordance with IFRS, the Company classified Red Chris mine as a discontinued operation effective January 1, 2019 up until the closing of the transaction with Newcrest on August 14, 2019. Effective August 15, 2019 the results from the Red Chris Mine are presented on a proportionate basis relative to Imperial’s 30% ownership in the joint venture. Unless otherwise stated, this news release only compares the comparative quarter results from continuing operations and excludes discontinued operations even though the Red Chris mine is in both discontinued operations pre and post August 15, 2019.

Total revenue from continuing operations increased to \$28.0 million in the March 2020 quarter compared to \$13.8 million in the 2019 comparative quarter, an increase of \$14.2 million or 102.9%. The March 2019 amount only included revenue from the Mount Polley Mine as the revenues from the Red Chris mine was classified in discontinued operations. However, in the 2020 quarter, the Company included its portion of the 30% interest in the Red Chris mine. In March 2019, the revenue from discontinued operations was \$62.9 million.

In the March 2020 quarter, the Red Chris mine (100% basis) had 4.3 concentrate shipments (2019-2.6 concentrate shipments). 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\$2.56 in the March 2020 quarter compared to US\$2.82 in the 2019 comparative quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US\$1,583 in the March 2020 quarter compared to US\$1,304 in the 2019 comparative quarter. The average CDN/US Dollar exchange rate was 1.345 in the March 2020 quarter, 1.1% higher than the exchange rate of 1.329 in the March 2019 quarter. In CDN Dollar terms the average copper price in the March 2020 quarter was CDN\$3.44 per pound compared to CDN\$3.75 per pound in the 2019 comparative quarter, and the average gold price in the March 2020 quarter was CDN\$2,128 per ounce compared to CDN\$1,734 per ounce in the 2019 comparative quarter.

Revenue in the March 2020 quarter decreased by \$4.6 million due to a negative revenue revaluation as compared to a \$2.5 million positive revenue revaluation in the 2019 comparative quarter. Revenue revaluations are the result of the copper price on the settlement date and/or the current period balance sheet date being higher or lower than when the revenue was initially recorded or the copper price at the last balance sheet date and finalization of contained metal as a result of final assays.

Net loss from continuing operations for the March 2020 quarter was \$6.2 million (\$0.05 per share) compared to net loss of \$2.3 million (\$0.02 per share) in the 2019 comparative quarter. The increase in net loss of \$3.9 million was primarily due to the following factors:

- Loss from mine operations went from \$2.5 million in March 2019 to \$0.3 million in March 2020, a decrease in net loss of \$2.2 million.
- Interest expense went from \$18.4 million in March 2019 to \$0.4 million in March 2020, an increase in net income of \$18.0 million.
- Foreign exchange gains/losses went from a gain of \$8.9 million in March 2019 to a gain of \$2.0 million in March 2020, an increase in net loss of \$6.9 million.
- Tax recovery went from \$14.1 million in March 2019 to an expense of \$0.9 million in March 2020, an increase in net loss of \$15.0 million.

The average CDN/US Dollar exchange rate in the March 2020 quarter was 1.345 compared to an average of 1.329 in the 2019 comparative quarter.

Cash flow was \$2.5 million in the March 2020 quarter compared to \$nil in the 2019 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 \$11.6 million in the March 2020 quarter, up from \$0.7 million in the 2019 comparative quarter.

At March 31, 2020, the Company has not hedged any copper, gold or CDN/US Dollar exchange. 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.

OPERATIONS

Red Chris Mine ⁽¹⁾

Red Chris first quarter metal production was 22.5 million pounds copper and 17,427 ounces gold, up from 21.7 million pounds copper and 12,155 ounces gold in the fourth quarter of 2019. Imperial's 30% portion of the first quarter production was 6.7 million pounds copper and 5,228 ounces gold.

Gold production in the 2020 first quarter compared to 2019 fourth quarter increased by 43% as a result of a 56% increase in gold grade (0.32 g/t to 0.50 g/t) and a 21% improvement in gold recovery (44.5% to 55.7%), partially offset by a reduction in mill throughput. The higher grade in the quarter was enabled by mining of the lower benches of Phase 4. During the first quarter, the mill throughput was capped at a lower than normal rate as part of a water conservation plan implemented to conserve water during the winter. With Spring melt now occurring, the cap on throughput rate has been removed.

Mining has been declared an essential service in the province of British Columbia. The Company has been advised that Newcrest has implemented measures that meet or exceed Canadian and Provincial requirements in British Columbia. The Tahltan Central Government, Iskut First Nation and Tahltan Band have agreed with Newcrest's implementation of a package of further measures which proactively protect and support communities and enable Tahltan members to support their families and communities, while helping Red Chris to continue to operate during the COVID-19 pandemic. Changes include alteration of the employee work schedule during the COVID-19 pandemic to provide for longer on and off-site periods, to decrease the amount of travel required and enable First Nation employees increased time to self-isolate before returning to their local communities.

	Three Months Ended March 31*	
	2020	2019
Ore milled - <i>tonnes</i>	1,964,226	2,368,337
Ore milled per calendar day – <i>tonnes</i>	21,585	26,315
Grade % - copper	0.618	0.340
Grade g/t - gold	0.496	0.227
Recovery % - copper	83.9	73.84
Recovery % - gold	55.7	48.06
Copper – <i>000's pounds</i>	22,451	13,100
Gold – <i>ounces</i>	17,427	8,317
Silver – <i>ounces</i>	44,549	22,627

* 100% Red Chris mine production

Two drilling programs are underway at Red Chris. The East zone Resource Definition Programme is designed to obtain geological, geotechnical and metallurgical data to support future studies for underground block cave mining. The Brownfields Exploration Programme is focused on searching for additional zones of higher grade mineralization within the Red Chris porphyry corridor. A total of 14,641 metres of drilling was completed in the March 2020 quarter, contributing to a total of 29,383 metres of drilling completed since Newcrest acquired its 70% interest in Red Chris on August 15, 2020.

A new high grade zone has been intersected by RC616 within the East zone, returning a partial intercept of 238 metres grading 1.5 g/t gold and 0.85% copper, including 104 metres grading 2.7 g/t gold and 1.4% copper, and 32 metres grading 6.2 g/t gold and 3% copper. This high grade zone has not been intersected by previous drilling and is located 300 metres west of the high grade zone previously intersected by RC611. This drilling confirms the potential of finding additional discrete high grade pods of mineralization within the East zone. Follow up drilling to define the extent of the RC616 high grade zone is being planned.

The final results from RC611 (partial results reported March 10, 2020) has confirmed that the hole has intersected a broad zone of higher grade mineralization, 628 metres grading 1.7 g/t gold and 0.91% copper that contains a discrete high grade zone averaging more than 5 g/t gold. This zone was previously intersected by Imperial in RC09-350 which returned an interval of 152.5 metres grading 4.12% copper and 8.83 g/t gold starting at a depth of 540 metres. Hole RC611 was the first angled hole intersection which has confirmed this high grade pod as being approximately 100 metres long, 100 metres wide and 200 metres in height. An additional 10 resource definition holes are planned to be drilled to further understand the full potential of this zone and search for additional high grade pods within the East zone.

Drilling continues to expand the footprint of mineralization in the Gully zone and Far West zone. Mineralization has been observed over a broad area 800 metres long, 800 metres wide and over 1,000 metres vertically. The best grades within this area, which are more than 0.5 g/t gold, are in at least five discrete zones open in multiple directions requiring additional follow-up drilling to determine their full extent. Results from RC609 demonstrate the potential of the porphyry corridor, the first test of the Far West by Newcrest and Imperial, intersecting mineralization some 200 metres below historical drilling and is the most westerly drill hole on the property. Significant intercepts were released on April 29, 2020.

The Company's share of exploration, development and capital expenditures were \$11.3 million in the March 2020 quarter compared to \$9.3 million in the 2019 comparative quarter.

Mount Polley Mine

Mount Polley mine operations were shut down in May 2019, and the mine is on care and maintenance status pending improvement of the economics of mining. Site personnel are maintaining access, fire watch, and managing the collection, treatment and discharge of site contact water.

Mount Polley has an option to earn a 100% interest in seven mineral claims (3,331 ha), adjacent to the mine. Three target settings occur within the optioned claims and adjacent Mount Polley claims, including a potential northern projection of the high-grade Quarry zone beneath a post-mineral conglomerate unit, a partially tested glacial till covered area where regional magnetics suggests a faulted offset of the Mount Polley Intrusive complex, which hosts the Mount Polley orebodies, is present and a till covered prospective area immediately east of the Southeast zone. A deep looking IP survey, along with a soil sampling program, was completed over the optioned claims. Drill programs have been designed to test the targets outlined on the optioned claims and to expand the copper and gold resource near historic deposits, with a focus on gold rich zones.

For the quarter ending March 31, 2020, Mount Polley incurred idle mine costs comprised of \$2.8 million in operating costs and \$1.2 million in depreciation expense.

Huckleberry Mine

Huckleberry mine operations were shut down in August 2016, and the mine is on care and maintenance status, pending improvement of the economics of mining. Activities at the mine site have focused on water management, snow removal, maintenance of site infrastructure and equipment and environmental compliance monitoring. The tailings management facilities are actively monitored.

The Huckleberry East zone pit has historically provided the highest grade mill feed, and the majority drilling in the zone was only to a depth of about 300 metres, and often ended in above cut-off grade copper mineralization. A drill program to test the East zone at depth has been designed to test the deposit below the historic drilling.

For the quarter ending March 31, 2020, Huckleberry incurred idle mine costs comprised of \$1.2 million in operating costs and \$0.2 million in depreciation expense.

Operations Outlook

Plans are in progress to conduct exploration drilling at Mount Polley and Huckleberry. The restart of operations at the site, will be dependent on metal prices, however if the planned exploration proves successful, metal prices required for restart may be reduced.

Earlier, we described the current impact of COVID-19 on our business. The Company's plans for 2020 and beyond could be adversely impacted by the effects of the coronavirus global pandemic. In particular, the continued spread of the coronavirus and travel and other operating restrictions established to curb the spread of coronavirus, could materially and adversely impact the Company's current plans by causing a temporary closure of the Red Chris mine, suspending planned exploration work, causing an economic slowdown resulting in a decrease in the demand for copper and gold, negatively impacting copper and gold prices, impacting the Company's ability to transport or market the Company's concentrate or causing disruptions in the Company's supply chains.

EARNINGS AND CASH FLOW

The Company completed the sale of 70% interest in the Red Chris mine to Newcrest on August 15, 2019. As a result, this operation was classified as a discontinued operation effective January 1, 2019 to August 14, 2019.

Select Quarter Financial Information

expressed in thousands, except share and per share amounts	Three Months Ended March 31	
	2020	2019
Continuing Operations:		
Total revenues	\$27,965	\$13,803
Net loss	\$(6,210)	\$(2,337)
Net loss per share	\$(0.05)	\$(0.02)
Diluted income (loss) per share	\$(0.05)	\$(0.02)
Adjusted net loss ⁽¹⁾	\$(5,926)	\$(11,389)
Adjusted net loss per share ⁽¹⁾	\$(0.05)	\$(0.09)
Adjusted EBITDA ⁽¹⁾	\$2,534	\$(3,566)
Cash flow ⁽¹⁾⁽²⁾	\$2,477	\$25
Cash flow per share ⁽¹⁾⁽²⁾	\$0.02	\$(0.00)
Discontinued Operations:		
Total revenues	\$ -	\$62,878
Net income	\$ -	\$69
Net income per share	\$ -	\$0.00
Diluted income (loss) per share	\$ -	\$0.00
Adjusted net loss ⁽¹⁾	\$ -	\$(225)
Adjusted net loss per share ⁽¹⁾	\$ -	\$(0.00)
Adjusted EBITDA ⁽¹⁾	\$ -	\$10,553
Cash flow ⁽¹⁾⁽²⁾	\$ -	\$10,260
Cash flow per share ⁽¹⁾⁽²⁾	\$ -	\$0.08
Working capital (deficiency)	\$42,311	\$(727,836)
Total assets	\$1,061,851	\$1,588,745
Total debt (including current portion)	\$3,762	\$874,329

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

⁽²⁾ 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 Cash flow divided by the weighted average number of common shares outstanding during the year.

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

expressed in thousands	Three Months Ended March 31	
	2020	2019
Net loss from continuing operations before undernoted items	\$(5,529)	\$(9,254)
Interest expense	(397)	(13,423)
Recovery of BC Mineral taxes including interest	-	11,288
Foreign exchange gain (loss) on debt	(284)	9,052
Net Loss from continuing operations	\$(6,210)	\$(2,337)

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.

Adjusted Net Loss and Adjusted Net Loss per Share

Adjusted net loss from continuing operations in the March 2020 quarter was \$5.9 million (\$0.05 per share) compared to an adjusted net loss of \$11.4 million (\$0.09 per share) in the 2019 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 loss, resulting from acquisition and disposal of property, 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.

Adjusted EBITDA

Adjusted EBITDA from continuing operations in the March 2020 quarter was \$2.5 million compared to a loss of \$3.6 million in the 2019 comparative quarter. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depletion and depreciation, and as adjusted for certain other items.

Cash Flow and Cash Flow Per Share

Cash flow from continuing operations in the March 2020 quarter was \$2.5 compared to \$nil in the 2019 comparative quarter. Cash flow per share was \$0.04 in the March 2020 quarter compared to \$nil in the 2019 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.

Cash Cost Per Pound of Copper Produced

The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper mines, Red Chris (30% share), Mount Polley and Huckleberry, and on a composite basis for these mines.

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 Huckleberry and Mount Polley mines were not in operation have been excluded from the cash cost per pound of copper produced.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended March 31, 2020		
	Red Chris	**Mount Polley	Composite
Cash cost of copper produced in US\$	\$9,954	\$ -	\$9,954
Copper produced – pounds	6,735	-	6,735
Cash cost per lb copper produced in US\$	\$1.48	\$ -	\$1.48

	Three Months Ended March 31, 2019		
	*Red Chris	**Mount Polley	Composite
Cash cost of copper produced in US\$	\$35,429	\$7,069	\$42,497
Copper produced – pounds	13,100	2,305	15,405
Cash cost per lb copper produced in US\$	\$2.70	\$3.07	\$2.76

* The Red Chris Mine was classified as a discontinued operation effective January 1, 2019 to August 14, 2019. Effective August 15, 2019, the results from Red Chris are presented in continuing operations on a proportional basis relative to Imperial's 30% beneficial interest in the joint venture.

** The Mount Polley mine was placed on care and maintenance on May 26, 2019.

SUBSEQUENT EVENT

On April 27, 2020 the Company announced a Normal Course Issuer Bid to provide for purchases of its common shares to satisfy its obligations under the Non-Management Directors' Plan and the Share Purchase Plan. Incorrect information with respect to the number of shares repurchased by the Company in the previous 12 months and the related average price thereof was reported in that News Release. The Company has corrected the information and advises that in the previous 12 months it had repurchased 167,963 of its outstanding common shares at an average price per share of \$2.00.

For detailed information, refer to Imperial's 2020 First Quarter Report available on imperialmetals.com and sedar.com

About Imperial

Imperial is a Vancouver exploration, mine development and operating company. The Company, through its subsidiaries, owns a 30% interest in the Red Chris mine, and a 100% interest in both the Mount Polley and Huckleberry copper mines in British Columbia. Imperial also holds a 45.3% interest in the Ruddock Creek lead/zinc property.

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Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release are not statements of historical fact and are "forward-looking" statements. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements regarding expectations regarding the care, maintenance and rehabilitation activities at Mount Polley and Huckleberry, expectations and timing regarding current and future exploration and drilling programs, expectations regarding exploration results and metal prices required to restart the Mount Polley and Huckleberry mines, expectations regarding preventative measures implemented by Newcrest in response to the COVID-19 pandemic and expectations about the future impacts of the COVID-19 pandemic on the Company and the Company's ability to continue operations in lieu of the pandemic.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "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", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions. These factors and assumptions and beliefs and assumptions include, the risk factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company's ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this news release are qualified by these cautionary statements.