

Imperial Reports Second Quarter 2021 Financial Results

Vancouver | **August 10, 2021** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for the three and six months ended June 30, 2021, 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 (“IFRS”). The reporting currency of the Company is the Canadian (“CDN”) Dollar.

QUARTER HIGHLIGHTS

FINANCIAL

Total revenue decreased to \$34.2 million in the June 2021 quarter compared to \$45.1 million in the 2020 comparative quarter, a decrease of \$10.9 million.

In the June 2021 quarter, the Red Chris mine (100% basis) had 3.8 concentrate shipments (2020-5.5 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\$4.40 in the June 2021 quarter compared to US\$2.42 in the 2020 comparative quarter. London Bullion Market Association, London gold price per troy ounce averaged US\$1,816 in the June 2021 quarter compared to US\$1,711 in the 2020 comparative quarter. The average US/CDN Dollar exchange rate was 1.228 in the June 2021 quarter, 11.4% lower than the exchange rate of 1.386 in the 2020 comparative quarter. In CDN Dollar terms the average copper price in the June 2021 quarter was CDN\$5.40 per pound compared to CDN\$3.35 per pound in the 2020 comparative quarter, and the average gold price in the June 2021 quarter was CDN\$2,230 per ounce compared to CDN\$2,372 per ounce in the 2020 comparative quarter.

Revenue in the June 2021 quarter decreased by \$0.7 million due to a negative revenue revaluation as compared to a \$5.8 million positive revenue revaluation in the 2020 comparative quarter. Revenue revaluations are the result of the metal 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 metal price at the last balance sheet date and finalization of contained metal as a result of final assays.

Net loss for the June 2021 quarter was \$5.1 million (\$0.04 per share) compared to net loss of \$0.2 million (\$0.00 per share) in the 2020 comparative quarter. The increase in net loss of \$4.9 million was primarily due to the following factors:

- Income from mine operations went from \$10.6 million in June 2020 to \$1.5 million in June 2021, increasing net loss by \$9.1 million.
- Interest expense went from \$0.4 million in June 2020 to \$0.5 million in June 2021, increasing net loss by \$0.1 million.
- Foreign exchange gains/losses went from a loss of \$1.1 million in June 2020 to a loss of \$Nil in June 2021, decreasing net loss by \$1.1 million.
- Taxes went from an expense of \$2.6 million in June 2020 to a recovery of \$1.9 million in June 2021, decreasing net loss by \$4.5 million.

Cash flow was \$8.1 million in the June 2021 quarter compared to \$16.1 million in the 2020 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 including finance leases were \$23.8 million in the June 2021 quarter, an increase from \$19.3 million in the 2020 comparative quarter. The June 2021 expenditures included \$8.0 million in exploration, \$4.4 million for tailings dam construction and \$11.4 million on stripping costs and other capital.

At June 30, 2021, the Company had not hedged any copper, gold or US/CDN Dollar exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US/CDN Dollar exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

OPERATIONS

The current impact of the COVID-19 pandemic on our business is described under Significant Events and Liquidity. The Company's plans for 2021 and beyond could be adversely impacted by the effects of the COVID-19 pandemic. The continuing impact of COVID-19 to travel and other operating restrictions established to curb the spread of COVID-19, 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.

Red Chris Mine

Metal production for the second quarter of 2021 was 17.6 million pounds copper and 15,450 ounces gold, compared to 26.5 million pounds copper and 22,057 ounces gold produced in the 2020 second quarter.

Imperial's 30% portion of Red Chris mine second quarter production was 5.3 million pounds copper and 4,635 ounces gold.

	Three Months Ended June 30*		Six Months Ended June 30*	
	2021	2020	2021	2020
Ore milled - <i>tonnes</i>	2,493,319	2,454,626	4,656,078	4,418,852
Ore milled per calendar day - <i>tonnes</i>	27,399	26,979	27,399	24,282
Grade % - copper	0.402	0.606	0.416	0.611
Grade g/t - gold	0.348	0.497	0.381	0.496
Recovery % - copper	79.6	80.7	78.3	82.1
Recovery % - gold	55.4	55.1	54.8	55.4
Copper – <i>000's pounds</i>	17,575	26,458	33,459	48,909
Gold – <i>ounces</i>	15,450	22,057	31,300	39,484

* 100% Red Chris mine production

The decrease in metal production in the June 2021 quarter is largely due to lower metal grades, with copper grade decreasing by 33.7% and gold grade decreasing by 30.0% compared to the June 2020 quarter. In 2020, higher grade mill feed was being mined from lower benches in the Phase 4 pushback in the Main Zone. In 2021, ore feed is coming from upper benches of the Phase 5 pushback in the East Zone and stockpiles. However, the metal recovery levels in this quarter were close to the 2020 comparative quarter, with copper recovery down by 1.4% and gold recovery virtually the same.

A newly installed cleaner column was commissioned during the quarter and is now operating. Early results have shown improved gold recovery after the installation.

The portal site excavation has been completed and the exploration decline is progressing, having advanced 70 metres as of July 28, 2021. The East Zone high grade pod is being drilled at a tighter spacing to provide the information required to consider early mining as part of the Red Chris Block Cave Pre-Feasibility Study. Mining of this particularly high-grade section of the East Zone prior to the block cave mining may increase initial cash flow and help fund the development of block caving operations. The study is scheduled to be released by the end of September 2021.

During the second quarter there were up to eight diamond drill rigs in operation completing 26 drill holes for a total of about 30,055 drilled metres. All the holes (except for six geotechnical holes) intersected mineralization. Since the commencement of the Joint Venture in 2019, 137 drill holes for a total of 166,686 metres have been drilled.

Drilling is ongoing at East Ridge to further define the extent and continuity of this zone with ten holes completed and three in progress. The follow up drilling is being completed on a nominal 100 x 100 metre grid to determine the footprint of the mineralization and demonstrate the continuity of the higher-grade mineralization. The East Ridge is open in all directions and has extended the eastern limit of copper and gold mineralization.

On July 2, 2021, the Red Chris Joint Venture received a Notice of Proposed Transfer and Right of First Refusal Offer regarding the sale of an existing 1% Net Smelter Returns Royalty in consideration of US\$165.0 million. The Right of First Refusal was not exercised by the Red Chris Joint Venture.

Imperial's 30% share of exploration, development, and capital expenditures were \$23.3 million in the June 2021 quarter compared to \$18.7 million in the 2020 comparative quarter.

Mount Polley Mine

Mount Polley operations ceased in May 2019 and the mine remains on care and maintenance status. The mine restart plan prepared in 2019 is being updated to include revised pit designs, results of recent drilling and current metal prices. In addition, the Company has engaged an engineering firm to complete a conceptual study investigating the potential for employing underground mining techniques to extend the operating life of the Mount Polley mine.

The COVID-19 pandemic has had an impact on mine restart timeline. However, the vaccine distribution is anticipated to mitigate this risk. When the revised restart plan has been updated and the Province wide vaccine distribution is complete, the Company will seek to secure financing to fund the restart of the mine.

Site personnel continue to maintain access, fire watch, manage collection, treatment and discharge of site contact water and actively monitor the tailings storage facility. In addition to the normal care and maintenance activities, work has begun on servicing mining equipment to facilitate a quick restart of mining operations, including brake testing on all the haul trucks and preparing the loading and drilling equipment for operations.

Mount Polley has prepared a surplus water management plan and is working with the Williams Lake First Nation, Xat'sull First Nation and the Province to permit the discharge the water that accumulated on site following last year's nearly double normal site runoff.

For the June 2021 quarter, Mount Polley incurred idle mine costs comprised of \$4.1 million in operating costs and \$0.7 million in depreciation expense.

Exploration, development, and capital expenditures in the June 2021 quarter were \$0.1 million compared to \$0.2 million in the 2020 comparative quarter.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status. A mine restart plan is under development for Huckleberry.

The COVID-19 pandemic has impacted the mine restart timeline. However, the vaccine distribution is anticipated to mitigate this risk. The Company will seek to secure financing to fund restart of the mine, following completion of the Province wide vaccine distribution. The Company anticipates the restart of Huckleberry will follow the start of operations at Mount Polley.

Site personnel continue to focus on maintaining access, water management (treatment and release of mine contact water into Tahtsa Reach), snow removal, maintenance of site infrastructure and equipment, mine permit compliance, updating the life of mine plan, environmental compliance monitoring and monitoring tailings management facilities. A geotechnical drilling program is being completed to gather the information required to update the tailings facility designs for future operations.

For the June 2021 quarter, Huckleberry incurred idle mine costs comprised of \$1.3 million in operating costs and \$0.2 million in depreciation expense.

Following the quarter end, Huckleberry Mines Ltd. purchased five mineral tenures from ArcWest Exploration Inc. ("ArcWest"). The claims cover 2,526 hectares and are located north of the Huckleberry Mine mining lease. Consideration payable was \$50,000 cash and the granting to ArcWest a 1% Net Smelter Returns Royalty.

Ruddock Creek

Subsequent to the quarter end, the Company increased its interest in the Ruddock Creek high grade zinc-lead project to 100% by purchasing the 54.72% interest held by its joint venture partners.

Exploration Update

During the early summer a comprehensive airborne ZTEM survey was completed over the Huckleberry and Whiting Creek properties. At Huckleberry a detailed soil sample program was completed over a prospective area southeast of the East pit. An auger soil sampling program was completed at Whiting Creek over a large swampy area located between two areas of known mineralization.

On Vancouver Island at the Fandora Gold property magnetometer and VLF surveys were completed. A Lidar survey was flown to help guide exploration on the structurally controlled gold veins. A soil sampling program was completed on the newly staked Kilpala property, located on the west side of Nimpkish Lake where copper mineralization was discovered.

The same Lidar airborne survey system was flown over the Porcher Island Gold property, located 35 kilometres southwest of Prince Rupert, to guide exploration on the structurally controlled mineralized systems.

In July, the Company granted PJX Resources Inc. a five-year option to acquire 100% interest in the Estella Property located northeast of Cranbrook, B.C. The property consists of 14 Crown granted mineral claims covering approximately 224 hectares. Consideration payable to Imperial are staged payments totalling \$250,000 and the granting of a 2% Net Smelter Returns Royalty.

EARNINGS AND CASH FLOW

Select Quarter Financial Information

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Operations:				
Total revenues	\$34,215	\$45,056	\$67,265	\$73,021
Net loss	\$(5,075)	\$(182)	\$(7,617)	\$(7,039)
Net loss per share	\$(0.04)	\$(0.00)	\$(0.06)	\$(0.05)
Diluted loss per share	\$(0.04)	\$(0.00)	\$(0.06)	\$(0.05)
Adjusted net loss ⁽¹⁾	\$(5,111)	\$(310)	\$(7,676)	\$(6,883)
Adjusted net loss per share ⁽¹⁾	\$(0.04)	\$(0.00)	\$(0.06)	\$(0.05)
Adjusted EBITDA ⁽¹⁾	\$8,283	\$16,224	\$10,914	\$18,759
Cash flow ⁽¹⁾⁽²⁾	\$8,102	\$16,100	\$10,628	\$18,525
Cash flow per share ⁽¹⁾⁽²⁾	\$0.06	\$0.13	\$0.08	\$0.14
Working capital	\$39,233	\$36,043	\$39,233	\$36,043
Total assets	\$1,126,405	\$1,115,389	\$1,126,405	\$1,115,389
Total debt (including current portion)	\$5,252	\$3,197	\$5,252	\$3,197

⁽¹⁾ Refer to *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 Loss (presented on an after-tax basis)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Net income (loss) before undernoted items	\$(4,652)	\$56	\$(6,957)	\$(6,120)
Interest expense	(459)	(366)	(719)	(763)
Foreign exchange (gain) loss on debt	36	128	59	(156)
Net Loss	\$(5,075)	\$(182)	\$(7,617)	\$(7,039)

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 in the June 2021 quarter was \$5.1 million (\$0.04 per share) compared to an adjusted net loss of \$0.3 million (\$0.00 per share) in the 2020 comparative quarter. Adjusted net loss shows the financial results excluding the effect of items not settling in the current period and non-recurring items. Adjusted net 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 in the June 2021 quarter was \$8.3 million compared to \$16.2 million in the 2020 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 in the June 2021 quarter was \$8.1 million compared to \$16.1 million in the 2020 comparative quarter. Cash flow per share was \$0.06 in the June 2021 quarter compared to \$0.13 in the 2020 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 paid, and interest paid. 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

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 of dollars,
except cash cost per pound of copper produced

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Cash cost of copper produced in US\$	\$11,995	\$8,030	\$25,346	\$17,954
Copper produced – pounds	5,272	7,937	10,037	14,672
Cash cost per lb copper produced in US\$	\$2.28	\$1.01	\$2.53	\$1.22

For detailed information, refer to Imperial's 2021 Second Quarter Report available on imperialmetals.com and sedar.com

About Imperial

Imperial is a Vancouver based 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 100% interest in the Ruddock Creek lead/zinc property.

Company Contacts

Brian Kynoch | President | 604.669.8959

Darb Dhillon | Chief Financial Officer | 604.669.8959

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 the Company’s expectations with respect to the impact of COVID-19 on the Company’s business and operations; metal pricing and its impact on revaluations of revenue; the preparation of, and timing for, a pre-feasibility study in respect of a block cave mining operation at Red Chris; the potential impacts for increased cash flow from mining certain sections of the East Zone and its impact on the funding of the development of block caving operations; potential development plans and mining methods at Red Chris including the progression of the exploration decline; the potential impact of a newly installed cleaner column on future recovery of gold; the potential acceleration of the timeline to production and cash flows from any underground expansion; the impact of vaccine distribution on mine restart plans at Mount Polley and Huckleberry; financing to fund restart Mount Polley and Huckleberry; the ordering of any restart at Mount Polley and Huckleberry; metal production guidance and estimates; expectations and timing regarding current and future exploration and drilling programs, including the potential for drilling at East Ridge to define the extent and continuity of mineralization; and the impact of exploration at Huckleberry and the Whiting Creek, Fandora Gold, Kilpala and Porcher Island Gold properties.

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.