

Imperial Reports 2021 Financial Results

Vancouver | **March 16, 2022** | **Imperial Metals Corporation** (the “Company”) (TSX:III) reports financial results for its fiscal year ended December 31, 2021.

Select Annual Financial Information

expressed in thousands, except share and per share amounts

	Years Ended December 31		
	2021	2020	2019 ⁽³⁾
Operations:			
Total revenues	\$133,591	\$148,097	\$71,823
Net loss	\$(26,070)	\$(4,892)	\$(41,224)
Net loss per share	\$(0.19)	\$(0.04)	\$(0.32)
Diluted loss per share	\$(0.19)	\$(0.04)	\$(0.32)
Adjusted net loss ⁽¹⁾	\$(23,181)	\$(5,421)	\$(50,310)
Adjusted net loss per share ⁽¹⁾	\$(0.17)	\$(0.04)	\$(0.40)
Adjusted EBITDA ⁽¹⁾	\$11,553	\$36,034	\$(4,261)
Cash earnings ⁽¹⁾⁽²⁾	\$11,034	\$36,909	\$(3,611)
Cash earnings per share ⁽¹⁾⁽²⁾	\$0.08	\$0.29	\$(0.03)
Working capital (deficiency)	\$(19,060)	\$9,292	\$53,661
Total assets	\$1,186,341	\$1,091,321	\$1,103,488
Total debt (including current portion)	\$34,975	\$2,422	\$3,816

⁽¹⁾ Refer to table in section *Non-IFRS Financial Measures* of the December 31, 2021 Management’s Discussion & Analysis for further details.

⁽²⁾ Cash earnings 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 earnings per share is defined as cash earnings divided by the weighted average number of common shares outstanding during the year.

⁽³⁾ Year ended 2019 has been restated to incorporate the finalization of fair values relating to the sale of Red Chris in August 2019.

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

expressed in thousands

	Years Ended December 31	
	2021	2020
Net loss before undernoted items	\$(24,337)	\$(3,559)
Interest expense	(1,497)	(1,358)
Foreign exchange gain (loss) on debt	(236)	25
Net Loss	\$(26,070)	\$(4,892)

Revenue from the Red Chris mine in 2021 was \$132.6 million compared to \$146.3 million in 2020. In 2021, the Red Chris mine (100% basis) had 14.5 concentrate shipments (2020-18.3 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\$4.23 in 2021 compared to US\$2.80 in 2020. London Bullion Market Association, London gold price per troy ounce averaged US\$1,800 in 2021 compared to US\$1,770 in 2020. The average US/CDN dollar exchange rate in 2021 was 1.254 compared to an average of 1.341 in 2020. In CDN dollar terms, the average copper price in 2021 was CDN\$5.30 per pound compared to CDN\$3.76 per pound in 2020, and the average gold price in 2021 was CDN\$2,256 per ounce compared to CDN\$2,374 per ounce in 2020.

Revenue in 2021 increased by a \$1.6 million revenue revaluation compared to a revenue revaluation of \$7.3 million in 2020. 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 in 2021 was \$26.1 million (\$0.19 per share) compared to net loss of \$4.9 million (\$0.04 per share) in 2020. The majority increase in net loss of \$21.2 million was primarily due to the following factors:

- Income from mine operations went from \$20.6 million in 2020 to \$10.4 million in 2021, an increase in net loss of \$10.2 million.
- Mine restart costs went from \$nil in 2020 to \$11.4 million in 2021, an increase in net loss of \$11.4 million.
- Reversal of impairment on exploration costs was \$nil in 2020 compared to \$4.2 million in 2021, a decrease in net loss of \$4.2 million.

Capital expenditures including finance leases were \$108.6 million in 2021, up from \$73.7 million in 2020. Expenditures in 2021 included \$36.4 million in exploration, \$23.4 million for tailings dam construction and \$48.8 million on stripping costs and other capital.

At December 31, 2021, the Company had \$33.3 million in cash compared to \$34.0 million at December 31, 2020.

NON-IFRS FINANCIAL MEASURES

The Company reports four non-IFRS financial measures: adjusted net loss, adjusted EBITDA, cash earnings 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 loss, adjusted EBITDA, cash earnings and cash cost per pound of copper are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers.

Adjusted Net Loss and Adjusted Net Loss Per Share

Adjusted net loss is derived from operating net loss 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 and other non-recurring items. Adjusted net loss in 2021 was \$23.2 million (\$0.17 per share) compared to an adjusted net loss of \$5.4 million (\$0.04 per share) in 2020. We believe that the presentation of Adjusted Net Loss helps investors better understand the results of our normal operating activities and the ongoing cash generating potential of our business.

Adjusted EBITDA

Adjusted EBITDA in 2021 was \$11.6 million compared to \$36.0 million in 2020. We define Adjusted EBITDA as net loss before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items.

Cash Earnings and Cash Earnings Per Share

Cash earnings in 2021 was \$11.0 million compared to \$36.9 million in 2020. Cash earnings per share were \$0.08 in 2021 compared to \$0.29 in 2020. Cash earnings and cash earnings per share are measures used by the Company to evaluate its performance however they are not terms recognized under IFRS. We believe that the presentation of cash earnings and cash earnings per share is appropriate to provide additional information to investors about how well the Company can earn cash to pay its debts and manage its operating expenses and investment. Cash earnings 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 earnings 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

Management uses this non-IFRS financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this non-IFRS financial measure individually for its three copper 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 and mine restart costs during the periods when the Huckleberry and Mount Polley mines are 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

	Years Ended December 31	
	2021	2020
Cash cost of copper produced in US\$	\$48,107	\$37,770
Copper produced – pounds	19,717	26,502
Cash cost per lb copper produced in US\$	\$2.44	\$1.43

DEVELOPMENTS DURING 2021

OPERATIONS

The current impact of the COVID-19 pandemic on our business is described under Significant Events and Liquidity in the Company's annual Management's Discussion and Analysis. The Company's plans for 2022 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 at Red Chris in 2021 was 65.4 million pounds of copper and 60,160 ounces of gold compared to 88.3 million pounds copper and 73,787 ounces gold produced in 2020. Copper and gold production decreased 26% and 19% respectively. The decreased metal production in 2021 was largely the result of treating of lower grades, with the copper grade down 24% and the gold grade down 21% from 2020 levels. Copper recovery was down 2% year on year to 79% while gold recovery increased 3% to 56% in 2021. Mill throughput for the year decreased about 0.6% with the rate averaging 25,546 tonnes per day.

Imperial's 30% portion of the production was 19.6 million pounds copper and 18,048 ounces gold.

Annual Production for the Year Ended December 31	2021	2020
Ore milled - tonnes	9,324,304	9,381,881
Ore milled per calendar day - tonnes	25,546	25,634
Grade % - copper	0.403	0.529
Grade g/t - gold	0.358	0.451
Recovery % - copper	79.1	80.7
Recovery % - gold	56.0	54.2
Copper – 000's pounds	65,426	88,343
Gold – ounces	60,160	73,787

* 100% Red Chris mine production

Red Chris production (100%) for the 2021 fourth quarter was 14.7 million pounds copper and 13.6 thousand ounces gold compared to 17.2 million pounds copper and 15.2 thousand ounces gold in the 2021 third quarter, primarily due to lower mill throughput with 2,124,732 tonnes in the fourth quarter of 2021 compared to 2,543,495 tonnes in the prior quarter. The throughput was impacted by processing clay rich ores early in the reporting period impacting primary crusher availability, as well as weather-related BC Hydro power outages. This was partially offset by higher gold recoveries (60% versus 56%), reflecting the benefit of increased cleaner capacity.

A significant drilling campaign continues to be undertaken at Red Chris, with eight rigs currently operational and a total of 98,522 metres drilled in 2021. The exploration decline development continues having progressed a total of approximately 1,000 metres as of March 10, 2022.

In October 2021, the Red Chris Block Cave Pre-Feasibility Study ("PFS") was released and work has commenced on a feasibility study that is expected to be completed in the first half of 2023. The PFS confirmed the potential to develop a world class, low cost, long life mine at Red Chris. The PFS indicates the project has an estimated 17% IRR and a post-tax NPV of CAD\$2.2 billion using a 4.5% discount rate over an initial 31-year mine life at prices of US\$3.30 per pound copper and US\$1,500 per troy ounce gold.

Some key results from the PFS are noted below:

- Block Cave Life-of-Mine All-In Sustaining Cost of negative US\$144 per ounce of gold

- Mineral Reserve estimate of 2.2 million tonnes copper and 8.1 million ounces gold
- Payback of 3.2 years
- Block Cave First Ore targeted to be first half of 2026
- Further optimization underway to assess opportunities proximate to the mining area, including the mineralization being outlined in the East Ridge zone
- Studies are underway to consider “early mining” of high-grade pods to enhance cash flows prior to development of the Block Cave

Imperial’s 30% share of exploration, development, and capital expenditures was \$99.5 million in 2021 compared to \$73.2 million in 2020.

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, has been updated to include revised pit designs, results of recent drilling and current metal prices. In the fourth quarter 2021, the Company began the work required to reopen the mine.

Management is targeting a second quarter 2022 mill startup. Plant mechanical and electrical refurbishing work has been completed and work is underway to prepare the tailings slurry and reclaim water pipelines as well as the pumps, ore conveyors, crushers, screens, grinding mills and plant water systems. Pre-stripping operation began in November 2021 with approximately 757,500 tonnes mined by the year end.

Mount Polley incurred idle mine costs of \$16.2 million and restart costs of \$11.4 million. In addition, \$2.7 million in depreciation expense was incurred during the year ended December 31, 2021.

Exploration, development, and capital expenditures were \$4.0 million in 2021 compared to \$0.9 million in 2020.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status. The Company anticipates working towards the restart of Huckleberry following the start of operations at Mount Polley.

Site personnel continue to focus on maintaining site access, water management (treatment and release of mine contact water into Tahtsa Reach), snow removal, maintenance of site infrastructure and equipment, mine permit compliance, environmental compliance monitoring and monitoring tailings management facilities.

In late 2021, a geotechnical drilling program was conducted to gather the information required to update the tailings facility design for future operations and to provide information required for dam safety reviews.

Huckleberry incurred idle mine costs of \$5.2 million. In addition, \$0.7 million in depreciation expense was incurred during the year ended December 31, 2021.

Exploration, development, and capital expenditures were \$2.2 million in 2021 compared to \$0.9 million in 2020.

EXPLORATION

Mount Polley

The 2021 exploration program was planned to acquire high density ground magnetic data over top of high priority areas within the mine site and areas immediately to the north while remaining available to support geotechnical drilling that was ongoing on site.

The ground magnetic survey was successful in providing high resolution magnetic data overtop of high priority targets located north of the Junction Zone, north of the old Bell Pit, west of the Wight Pit, adjacent to Polley Lake, and south between the South East Rock Dump and Tailings. The ground magnetic data has highlighted many magnetic anomalies around the property that have a similar geophysical signature as the known mineralization found at Mount Polley. Several more magnetic surveys have been planned to cover areas where data and exploration are limited. Additional exploration is planned to further define the anomalies derived from the ground magnetic surveys.

In an area located south of the South East Rock Dump geotechnical trenching and drilling was undertaken to help provide data required for expansion of rock dump storage. Exploration was able to assist with the geotechnical drilling program as well as take rock samples whenever geotechnical work intercepted bedrock. The geotechnical drilling has provided bedrock samples in areas that remain largely underexplored at Mount Polley.

At December 31, 2021, a total of 2,783 exploration holes (surface and underground combined) had been drilled.

Huckleberry

In 2020, three drill holes totaling 2,491 metres were completed to test below the East Pit and the Historic East zone drilling at depth. Drill results confirmed that copper mineralization continues to significant depths below the East zone pit and historical drilling.

In addition, a Volterra 3-Dimensional Induced Polarization survey was conducted over the East zone to produce a geophysical signature over zones of known mineralization and enhance the geological model and ore controls. The data will be interpreted and used to locate new drill targets.

In June 2021, a ZTEM geophysical survey was completed over the entire Huckleberry claim block, including Whiting Creek and a large overburden covered area to the northeast of the mine. Geophysical results highlighted numerous exploration targets, both on and off the mine site. Geological investigation and diamond drilling are recommended for many of the ZTEM targets.

In the summer of 2021, 35 soil geochemical auger samples were collected from the swamp at Whiting Creek. These samples contributed to the geochemical compilation at Whiting Creek and further highlighted a copper anomaly. As well, the ZTEM survey highlighted a resistivity anomaly that roughly coincides with the geochemical copper anomaly. It is recommended to perform a geological investigation and diamond drilling on the Whiting Creek targets.

Exploration in 2022 should consist of geological investigations of the new ZTEM geophysical and geochemical targets, along with diamond drilling.

Greenfield Projects

In 2021, exploration was conducted on 6 properties:

Sustut: Metallurgical testing was completed on Sustut ore to determine if XRT based ore sorting techniques can be effectively applied to differentiate ore from Waste Rock. The analysis concluded that XRT based ore sorting could potentially improve the life of mine economics at the Sustut Deposit.

In the fall of 2021, the Company acquired the Freeport McMoRan claims adjacent to the Sustut deposit and contracted Geotech Ltd. to fly an airborne ZTEM geophysical survey over the entire claim block. The survey was only partially completed due to inclement weather but will be resumed at the beginning of the 2022 field season.

Fandora: Exploration in 2021 consisted of 3 phases. In the late winter mineralized ore was sampled for metallurgical testing.

In the early spring, a Very Low Frequency electromagnetic and magnetic survey was conducted over select areas of the property. Due to rugged terrain and thick bush, not enough ground was surveyed to identify any trends.

In the late summer, a high-resolution LiDAR and Orthographic imagery survey was carried out over the entire property. This survey highlighted numerous lineations of interest and identified troublesome cliffs and bluffs on the property, helping to guide future exploration.

Catface Copper: A soil geochemistry survey was carried out over an area with known anomalous chargeability and small zones of mapped intrusive at surface. In addition to the soil geochemistry a high-resolution LiDAR and Orthographic imagery survey was carried out over the entire property.

Wasi Creek: 800 soil samples were collected over areas with limited geochemical coverage on the property. Geochemical results tied other geochemical programs together and expanded the geochemical footprint of the existing "Greg" Pb-Zn mineral showing.

Two Star and Storey Creek: Soil geochemistry surveys and prospecting were carried out on both Two Star and adjoining Storey Creek. The surveys were successful in highlighting several zones of anomalous geochemistry and in locating new mineralization in outcrop. Future exploration is planned for 2022 to help define high-grade outcrops and anomalous geochemical regions.

Porcher Island: A high-resolution LiDAR and Orthographic imagery survey was carried out over the entire property. The survey was successful at highlighting new surface features that can be targeted for future exploration.

FOURTH QUARTER RESULTS FROM OPERATIONS

Revenue in the fourth quarter of 2021 was \$29.3 million compared to \$36.9 million in 2020. Sales revenue is recorded when title for concentrate is transferred on ship loading. 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 along with finalization of contained metals as a result of final assays.

The Company recorded a net loss of \$14.7 million (\$0.10 per share) in the fourth quarter of 2021 compared to net loss of \$4.9 million (\$0.04 per share) in the prior year quarter.

Expenditures for exploration and ongoing capital projects at Mount Polley, Red Chris and Huckleberry totalled \$34.2 million during the three months ended December 31, 2021, compared to \$17.5 million in the 2020 comparative quarter.

OUTLOOK

Corporate and Operations

At December 31, 2021, the Company had not hedged any copper, gold, or US\$/CDN\$ exchange. Quarterly revenues will fluctuate depending on copper and gold prices, the US\$/CDN\$ exchange rate, and the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

Newcrest provided metals production guidance (100%) for Red Chris mine, for the period July 1, 2021, to June 30, 2022 (period conforms to Newcrest June 30 annual year end), in the range of 50.7 to 55.1 million pounds copper and 40 to 42 thousand ounces gold.

The work on the restart of Mount Polley is underway and milling operations are targeted to start in the second quarter of 2022.

The Company will need to conclude further financing arrangements to fund its share of cost of the ongoing development of a block cave mine at Red Chris and to fund the reopening of the Mount Polley mine.

Exploration

Imperial maintains a large portfolio of greenfield exploration properties in British Columbia. These properties have defined areas of mineralization and exploration potential. Management continues to evaluate various opportunities to advance many of these properties.

Exploration for 2022 will be focused on Red Chris, with 100,000 metres of drilling planned and continuing development of the exploration decline to provide access for underground exploration planned at Red Chris.

For additional information, refer to Imperial's 2021 Annual Report available on [imperialmetals.com](https://www.imperialmetals.com) and [sedar.com](https://www.sedar.com)

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company with holdings that include the Mount Polley mine (100%), the Huckleberry mine (100%), the Red Chris mine (30%). Imperial also holds a portfolio of 23 greenfield exploration properties in British Columbia.

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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 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; fluctuations of quarterly revenues; future foreign exchange currency rates; expectations and timing regarding a feasibility study in respect of a underground block cave mining operation at Red Chris; potential development plans and mining methods at Red Chris; progression of the exploration decline at Red Chris; expectations regarding the potential cost and length of life mine of Red Chris; expectations regarding financing arrangements to fund the Company's share of cost of ongoing development at Red Chris and the restart of Mount Polley; expectations regarding updates to the restart plans and timelines for Mount Polley and Huckleberry; metal production guidance and estimates; expectations and timing regarding current and future exploration and

drilling programs; expectations regarding use of magnetic surveys and additional exploration plans at Mount Polley; expectations regarding data interpretation and location of new drill targets at Huckleberry; expectations regarding future geological investigations and diamond drilling at Huckleberry; expectations regarding XRT based ore sorting and its potential to improve life of mine economics at the Sustut deposit; expectations regarding resumption of an airborne ZTEM geophysical survey at the Sustut deposit; expectations regarding future exploration plans at Two Star, Storey Creek and Porcher Island exploration properties; and the usefulness and comparability of non-IFRS financial measures including adjusted net loss, adjusted EBITDA, cash earnings, cash earnings per share and cash cost per pound of copper produced.

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.