Imperial Reports Third Quarter 2017 Financial Results

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VANCOUVER, British Columbia, Nov. 14, 2017 (GLOBE NEWSWIRE) -- Imperial Metals Corp. (the “Company”) (TSX:III) reports comparative financial results for the three and nine months ended September 30, 2017 and 2016, 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.

Select Quarter Financial Information

expressed in thousands, except share and per share amounts	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Total revenues	$ 90,157	$ 97,108	$ 312,647	$ 350,093
Net income (loss)	$ (2,129)	$ (20,589)	$ 43,199	$ (7,020)
Net income (loss) per share	$ (0.02)	$ (0.25)	$ 0.46	$ (0.09)
Diluted income (loss) per share	$ (0.02)	$ (0.25)	$ 0.46	$ (0.09)
Adjusted net loss (1)	$ (18,615)	$ (19,710)	$ (63,161)	$ (19,725)
Adjusted net loss per share (1)	$ (0.20)	$ (0.24)	$ (0.67)	$ (0.24)
Adjusted EBITDA(1)	$ 16,275	$ 16,726	$ 44,316	$ 107,065
Working capital deficiency	$ (919,038)	$ (48,951)	$ (919,038)	$ (48,951)
Total assets	$ 1,616,953	$ 1,462,756	$ 1,616,953	$ 1,462,756
Total debt (including current portion)	$ 858,291	$ 854,445	$ 858,291	$ 854,445
Cash flow (1)(2)	$ 17,966	$ 18,244	$ 45,372	$ 107,996
Cash flow per share (1)(2)	$ 0.19	$ 0.22	$ 0.48	$ 1.32

(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.

Revenues decreased to $90.2 million in the September 2017 quarter compared to $97.1 million in the 2016 comparative quarter, a decrease of $6.9 million or 7%.

Revenue from the Red Chris mine in the September 2017 quarter was $66.0 million compared to $67.3 million in the 2016 comparative quarter. This decrease was attributable to lower quantity of copper concentrate sold compared to the 2016 quarter. This was slightly mitigated with a positive revenue revaluation of $3.3 million during the 2017 quarter.

Revenue from the Mount Polley mine in the September 2017 quarter was $24.1 million compared to $29.8 million in the 2016 comparative quarter. The decrease was attributable to a lower quantity of copper concentrate sold; lower foreign exchange rate and lower realized pricing on gold concentrate. However, this was slightly offset by a positive revenue revaluation of $2.6 million.

In the September 2017 quarter, there were 3.5 concentrate shipments from Red Chris mine (2016-four concentrate shipments) and a 0.8 concentrate shipment from Mount Polley mine (2016-one concentrate shipment). 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$2.88 in the September 2017 quarter compared to US$2.17 in the 2016 comparative quarter. The London Metals Exchange cash settlement gold price per troy ounce averaged US$1,278 in the September 2017 quarter compared to US$1,335 in the September 2016 quarter. The average CDN/US$ Dollar exchange rate was 1.253 in the September 2017 quarter, 4.0% lower than the exchange rate of 1.309 in the September 2016 quarter. In CDN dollar terms the average copper price in the September 2017 quarter was CDN$3.61 per pound compared to CDN$2.83 per pound in the 2016 comparative quarter and the average gold price in the September 2017 quarter was CDN$1,601 per ounce compared to CDN$1,742 per ounce in the 2016 comparative quarter.

Revenue in the September 2017 quarter increased by $5.9 million positive revenue revaluation compared to $3.1 million negative revenue revaluation in the 2016 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.

Net loss for the September 2017 quarter was $2.1 million ($0.02 per share) compared to net loss of $20.6 million ($0.25 per share) in the 2016 comparative quarter. The decrease in net loss of $18.5 million was primarily due to the following factors:

- Income/loss from mine operations went from a loss of $2.1 million in September 2016 to income of $3.0 million in September 2017, a decrease in net loss of $5.1 million.
- Foreign exchange gains/losses on current and non-current debt went from a loss of $3.8 million in September 2016 to a gain of $16.6 million in September 2017, a decrease in net loss of $20.4 million.
- The Company’s equity loss in Huckleberry went from loss of $2.3 million in September 2016 to $nil in September 2017, a decrease in net loss of $2.3 million.
- Idle mine costs went from $nil in September 2016 to $2.6 million in September 2017, an increase in net loss of $2.6 million.
- Interest expense went from $16.8 million in September 2016 to $19.4 million in September 2017, an increase in net loss of $2.6 million.
- Tax recovery went from $4.2 million in September 2016 to $1.9 million in September 2017, an increase in net loss of $2.3 million.

The September 2017 quarter net loss included foreign exchange gain related to changes in CDN/US Dollar exchange rate of $16.6 million compared to foreign exchange loss of $3.8 million in the 2016 comparative quarter. The $16.6 million foreign exchange gain is comprised of a $16.1 million gain on the senior notes, a $0.4 million gain on long term equipment loans, and a $0.1 million gain on short-term debt and operational items. The average CDN/US Dollar exchange rate in the September 2017 quarter was 1.253 compared to an average of 1.305 in the 2016 comparative quarter.

Cash flow was $18.0 million in the September 2017 quarter compared to cash flow of $18.2 million in the 2016 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 $22.2 million in the September 2017 quarter, down from $27.5 million in the 2016 comparative quarter. The September 2017 expenditures included $8.1 million for tailings dam construction, $8.9 million for component changes on mobile equipment, $2.2 million relating to environmental compliance expenditure and $2.5 million for other capital items.

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.

expressed in thousands, except share and per share amounts	Three Months Ended September 30	
	2017	2016
Adjusted net loss	$ (18,615)	$ (19,710)
Adjusted net loss per share	$ (0.20)	$ (0.24)
Adjusted EBITDA	$ 16,275	$ 16,726
Cash flow	$ 17,966	$ 18,244
Cash flow per share	$ 0.19	$ 0.22

Adjusted Net Loss and Adjusted Net Loss per Share

Adjusted net loss in the September 2017 quarter was $18.6 million ($0.20 per share) compared to an adjusted net loss of $19.7 million ($0.24 per share) in the 2016 comparative quarter. Adjusted net loss reflects 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 losses, resulting from mark to market revaluation of derivative instruments, net of tax, unrealized foreign exchange gains or losses on non-current debt, net of tax.

Adjusted EBITDA

Adjusted EBITDA in the September 2017 quarter was $16.3 million compared to $16.7 million in the 2016 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 September 2017 quarter was $18.0 million compared to $18.2 million in the 2016 comparative quarter. Cash flow per share was $0.19 in the September 2017 quarter compared to $0.22 in the 2016 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 cash cost per pound of copper produced is a non-IFRS financial measure that does not have a standardized meaning under IFRS, and as a result may not be comparable to similar measures presented by other companies. 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, Mount Polley and Huckleberry, and on a composite basis for these mines.

The cash cost per pound of copper produced is derived from the sum of cash production costs, transportation and offsite costs, treatment and refining costs, royalties, net of by-product and other revenues, divided by the number of pounds of copper produced during the period.

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 mine was not in operation have been excluded from the cash cost per pound of copper produced.

Cash Cost Per Pound of Copper Produced

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

	Three Months Ended September 30, 2017						
	Huckleberry 100 %	50 %	Red Chris	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
Cash cost of copper produced in US$	$ -	$ -	$ 36,035	8,735			$ 44,770
Copper produced – pounds	-	-	*19,651*	*3,981*			*23,632*
Cash cost per lb copper produced in US$	$ -	$ -	$ 1.83	$ 2.19			$ 1.89

	Three Months Ended September 30, 2016						
	Huckleberry 100 %	50 %	Red Chris	Mount Polley	Sterling & Corporate	Total per Financial Statements	Composite
Cash cost of copper produced in US$	$ 12,826	$ 6,411	$ 32,274	$ 9,332			$ 48,017
Copper produced – pounds	*4,447*	*2,224*	*18,713*	*6,868*			*27,805*
Cash cost per lb copper produced in US$	$ 2.88	$ 2.88	$ 1.72	$ 1.36			$ 1.73

	Nine Months Ended September 30, 2017						
	Huckleberry 100 %	50 %	Red Chris	Mount Polley	Sterling & Corporate	Total per Financial Statements	Compos
Cash cost of copper produced in US$			110.481	29,297			139,77
Copper produced – pounds	-	-	*51,402*	*15,048*			*66,450*
Cash cost per lb copper produced in US$	$ -	$ -	$ 2.15	$ 1.95			$ 2.10

	Nine Months Ended September 30, 2016						
	Huckleberry 100 %	50 %	Red Chris	Mount Polley	Sterling & Corporate	Total per Financial Statements	Compos
Cash cost of copper produced in US$	$ 41,765	$ 20,881	$ 78,750	$ 32,412			$ 132,04
Copper produced – pounds	*20,438*	*10,219*	*68,955*	*20,361*			*99,535*
Cash cost per lb copper produced in US$	$ 2.04	$ 2.04	$ 1.14	$ 1.59			$ 1.33

Operations

Metal production for 2017 is not expected to meet the targets set in July, given the delay in delivery of deeper and higher grade ore to the mill at Red Chris, and the impact of the forest fires on operations at Mount Polley. The updated target ranges for 2017 metal production are 96-102 million pounds copper and 84-92 thousand ounces gold.

At September 30, 2017, 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.

Red Chris Mine

Metal production for the September 2017 quarter was 19.65 million pounds copper and 8,426 ounces gold, up 27% and 37% respectively from the second quarter. Higher copper and gold grade ore was mined in September, later than expected, due to lower than anticipated mining rates. Grades which averaged 0.38% copper and 0.18 g/t gold in July and August, increased to 0.47% copper and 0.29 g/t gold in September, as deep main zone ore became the main source of mill feed. Copper recovery also increased to an average 80.88% in September. This deeper main zone ore will provide the majority of mill feed for the remainder of the year. The plant achieved the design mill throughput for the third quarter averaging 30,135 tonnes per calendar day.

Grades milled in October 2017 were 0.513% copper and 0.317 g/t gold, and recoveries were 80.83% copper and 46.58% gold. As a result, metal production in October 2017 was 7.81 million pounds copper and 4,005 ounces gold. In November deeper Main zone ores have provided the majority of the mill feed, and mill recoveries have improved, averaging 84.1% through to November 12.

The Company has begun work on mobilizing five rock trucks from the idled Huckleberry mine to Red Chris to increase the mining rate. The increased mining rate will enable Red Chris to open up the Main zone pit and deliver more ore from deeper in the Main zone to the mill in 2018.

Red Chris Production	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Ore milled - *tonnes*	2,772,416	2,580,459	7,879,281	7,360,588
Ore milled per calendar day - *tonnes*	30,135	28,048	28,862	26,863
Grade % - copper	0.407	0.436	0.379	0.546
Grade g/t - gold	0.219	0.261	0.204	0.346
Recovery % - copper	78.94	75.50	78.13	77.86
Recovery % - gold	43.09	44.54	39.47	51.85
Copper – *000’s pounds*	19,651	18,713	51,402	68,955
Gold – *ounces*	8,426	9,655	20,396	42,427
Silver – *ounces*	34,446	42,271	89,273	164,706

Exploration, development and capital expenditures were $17.4 million in the September 2017 quarter compared to $22.7 million in the comparative 2016 quarter.

Mount Polley Mine

Mount Polley operations were suspended July 15 to July 31 due to the forest fire situation in the Cariboo region. Operations were impacted to a lesser degree both before and after the period of suspension. Mill throughput for the third quarter was 1.44 million tonnes, down 23% from the second quarter, and milling of material from low grade stockpiles was required to augment lower mining rates. As a result of the unexpected suspension of operations, production from Mount Polley in the third quarter was 3.98 million pounds copper and 9,989 ounces gold, and the 2017 metal production targets were revised to 20-22 million pounds copper and 51-55 thousand ounces gold, from the previously set target of 22-24 million pounds copper and 55-60 thousand ounces gold.

Mining operations are nearly caught up with the stripping lost because of the forest fires in the summer. The mine will soon begin delivering ore from the bottom of the Cariboo pit.

Mount Polley Production	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Ore milled - tonnes	1,444,625	1,769,779	4,916,789	5,052,469
Ore milled per calendar day - tonnes	15,702	19,237	18,010	18,440
Grade % - copper	0.203	0.243	0.207	0.260
Grade g/t - gold	0.320	0.306	0.337	0.305
Recovery % - copper	61.44	72.38	66.98	70.46
Recovery % - gold	67.23	73.41	70.92	71.08

Copper – *000’s pounds*	3,981	6,868	15,048	20,361
Gold – ounces	9,989	12,763	37,758	35,153
Silver – ounces	7,324	26,752	28,738	78,887

Exploration, development and capital expenditures were $4.6 million in the September 2017 quarter compared to $4.5 million in the comparative 2016 quarter.

Huckleberry Mine

On April 28, 2017 the Company became the sole owner of Huckleberry Mines Ltd. (“Huckleberry”) by virtue of Huckleberry exercising its right of first refusal to purchase for cancellation all the shares of Huckleberry held by a syndicate of Japanese companies in exchange for cash consideration of $2.0 million. Huckleberry became a wholly-owned subsidiary of the Company on that date. The mine is currently on care and maintenance.

Prior to April 28, 2017 the Company had a 50% interest in Huckleberry that was accounted for on the equity basis of accounting. The Company has accounted for the acquisition of the remaining 50% interest in Huckleberry as a business combination whereby the net assets acquired are recorded at fair value. The fair values disclosed at September 30, 2017 are provisional estimates due to the complexity of valuing mineral property interests at various stages of development. The finalization of the fair values of the assets and liabilities acquired is expected to be reported no later than the Company’s December 31, 2017 financial statements. The final fair values may be materially different than the provisional fair values outlined below.

The Company has provisionally estimated the acquisition date fair values of the acquired assets and liabilities of Huckleberry and the fair value of the Company’s previously held 50% interest in Huckleberry by reference to their pre-acquisition carrying values, a level 3 fair value measurement. These pre-acquisition carrying values had been subject to normal impairment assessment pre and post-acquisition with no impairment charges recorded.

The following table summarizes the consideration transferred to acquire 100% interest in Huckleberry and the provisional fair values of identified assets acquired and liabilities assumed at the acquisition date:

expressed in thousands of dollars	
Assets Relinquished	
Accrued receivable due to the Company	$ 1,009
Fair value of the Company’s initial 50% investment in Huckleberry	77,832
	$ 78,841
Identifiable Assets Acquired and Liabilities Assumed	
Cash	$ 18,440
Reclamation bonds	14,135
Prepaid and other receivables	648
Inventory	7,941
Mineral properties	164,265
Trade and other payables	(1,668)
Deferred trade payables	(4,925)
Future site reclamation provisions	(45,171)
	$ 153,665
Gain on bargain purchase of Huckleberry	$ 74,824

From the date of acquisition on April 28, 2017 to September 30, 2017, Huckleberry incurred idle mine costs comprised of $2.2 million in operating costs and $2.2 million in depreciation expense.

Executive Resignation and Appointments

Steve Robertson, Vice President Corporate Affairs, tendered his resignation to accept the role of CEO in another company. The Company wishes to extend its gratitude to Mr. Robertson for his 24 years of service with Imperial. Jim Miller-Tait, who joined Imperial as Exploration Manager in 2009, was appointed Vice President Exploration. Sheila Colwill was appointed Vice President Marketing, rising from Marketing Manager, a position she has held since 2011.

Refer to Imperial’s 2017 Third Quarter Report on *imperialmetals.com* and *sedar.com* for detailed information.

Earnings Announcement Conference Call : November 15, 2017 at 10:00am PST | 1:00pm EST
Management will discuss the 2017 Third Quarter Report. Conference call-in numbers:

778.383.7413 Vancouver
416.764.8688 Toronto
888.390.0546 North America – toll free

Conference call playback is available until 11:59pm on November 22, 2017 by
calling toll free 888.390.0541 or Toronto 416.764.8677 | playback passcode 767807#

About Imperial
Imperial is a Vancouver based exploration, mine development and operating company. The Company, through its subsidiaries, owns the Red Chris, Mount Polley and Huckleberry copper mines in British Columbia. Imperial also holds a 50% interest in the Ruddock Creek lead|zinc property in British Columbia.

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Forward-Looking Information and Risks Notice

The information in this news release provides a summary review of the Company’s operations and financial position as at and for the period ended September 30, 2017, and plans for the future based on facts and circumstances as of November 14, 2017. Except for statements of historical fact relating to the Company, including our past 50% interest in Huckleberry, certain information contained herein constitutes forward-looking information which are prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "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", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this news release includes, without limitation, statements regarding: revised lower 2017 metal production targets due to the delay in delivery of deeper and higher grade ore to the mill at Red Chris and the impact of the forest fires on operations at Mount Polley; expectations that the deeper main zone ore will provide the majority of mill feed for the remainder of the year; expectations that the final fair values for the Huckleberry assets and liabilities acquired will be reported no later that the Company’s December 31, 2017 financial statements; expectations for receipt of contingent sales proceeds in the form of marketable securities from the sale of Sterling because of a financing announced by the purchaser of Sterling; plans to commence a rights offering and to close same before year-end; use of proceeds from financings and credit; production and marketing; capital expenditures; adequacy of funds for projects and liabilities; the receipt of necessary regulatory approvals or other consents; outcome and impact of litigation; cash flow; working capital requirements; the requirement for additional capital; results of operations, production, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates and impact; future accounting changes; and future prices for marketable securities.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including, but not limited to, assumptions that: the Company will be able to advance and complete remaining planned rehabilitation activities within expected timeframes; there will be no significant delay or other material impact on the expected timeframes or costs for completion of rehabilitation of the Mount Polley mine and implementation of Mount Polley’s long term water management plan; the Company’s initial rehabilitation activities at Mount Polley will be successful in the long term; all required, project-related permits and approvals will be obtained in a timely manner; there will be no material operational delays at the Company’s mines; equipment will operate as expected; there will not be significant power outages; there will be no material adverse change in the market price of commodities and exchange rates; the Company’s mines will achieve expected production outcomes (including with respect to mined grades and mill recoveries); and the Company will have access to capital as required and satisfy and/or obtain amendments of financial covenants and/or terms contained in its credit facilities and other loan documents. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. We can give no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause Imperial’s actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements constituting forward-looking information.

Important risks that could cause Imperial’s actual results, revenues, performance or achievements to differ materially from Imperial’s expectations include, among other things: that additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; that Imperial may be unable to satisfy and/or obtain amendments of financial covenants or terms contained in its credit facilities and other loan documents; risks relating to the timely receipt of necessary, project-related approvals and consents; risks relating to the remaining costs and liabilities and any unforeseen longer-term environmental consequences arising from the Mount Polley Breach; uncertainty as to actual timing of completion of rehabilitation activities; risks relating to the impact of the Mount Polley Breach on Imperial’s reputation; the quantum of claims, fines and penalties that may become payable by Imperial and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against any legal claims or potential litigation; risks of protesting activity and other civil disobedience restricting access to the Company’s properties; failure of plant, equipment or processes to operate in accordance with specifications or expectations; cost escalation, unavailability of materials and equipment, labour unrest or lockout, power outages or shortages, and natural phenomena negatively impacting the operation or maintenance of the Company’s mines; changes in commodity and power prices; changes in market demand for the Company’s concentrate; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); and other hazards and risks disclosed within the Management’s Discussion and Analysis for the three and nine months ended September 30, 2017 and other public filings which are available on Imperial’s profile at *sedar.com*. For the reasons set forth above, investors should not place undue reliance on forward-looking information. Imperial does not undertake to update any forward-looking information, except in accordance with applicable securities laws.