Imperial Metals

Management's Discussion & Analysis

For the Three and Six Months Ended June 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Imperial Metals Corporation ("Imperial", the "Company", "we", "us" or "our") should be read in conjunction with the unaudited Consolidated Financial Statements and related notes for the three and six months ended June 30, 2026 (the "Interim Financial Statements"), as well as the audited Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2025. The Interim Financial Statements and comparative information have been prepared in accordance with IAS 34, Interim Financial Reporting of IFRS® Accounting Standards ("IFRS Accounting standards") as Issued by the International Accounting Standards Board ("IASB"). The reporting currency of the Company is the Canadian ("CDN") Dollar.

This MD&A contains statements that may be considered forward-looking information, and therefore investors are directed to review the *Forward-Looking Statements & Risks Notice* within this MD&A.

Imperial is a Vancouver-based mining company active in the acquisition, exploration, development, mining and production of base and precious metals. The Company owns the Mount Polley and Huckleberry copper mines and holds a 30% interest in the Red Chris copper/gold mine. Imperial also maintains a large portfolio of greenfield exploration properties. Management continues to evaluate various opportunities to advance many of these properties.

Imperial's principal business registered and records office address is Suite 900, 580 Hornby Street, Vancouver, British Columbia V6C 3B6 Canada. The Company was incorporated under the British Columbia *Company Act*.

The Company is listed on The Toronto Stock Exchange, and its shares trade as symbol III. At August 6, 2026, the Company had 178,178,666 common shares outstanding, and, on a fully diluted basis, 186,621,591 common shares including those issuable on the exercise of outstanding common share purchase options and warrants.

Additional Company disclosure can be obtained from imperialmetals.com or sedarplus.com.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A is a review of the Company's operations and financial position, as at and for the three and six months period ended June 30, 2026, and plans for the future based on facts and circumstances as of August 6, 2026.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking information which is 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 MD&A includes, without limitation, statements regarding: the extension of Mount Polley's mine life to the mid-2040s and the increase of the tailings storage facility's capacity for expanded mining through to 2034, both as a result of amendments to its *Mines Act* authorization; the expected delivery of higher grade material from Phase 5 to Mount Polley's mill in the fourth quarter of 2026 which should reduce or eliminate the need to process lower grade stockpiles; the expectation that the Mount Polley mine will meet the range of guidance for 2026 production; the expected completion of the Red Chris feasibility study and, subject to the study outcomes, joint venture approval by the second half of 2026; a potential extension of the Red Chris mine life by approximately 14 years should the block cave development proceed; planned additional surface drilling at the Red Chris mine in the Far West zone and the South Boundary fault offset Main zone target, in addition to surface exploration outside of the known zones along strike of the Red Chris porphyry stock; ongoing updates to optimize plans for reopening the Huckleberry mine, including data from the diamond drilling and re-assaying of historic core to develop a new block model for the Main zone, with a targeted completion date for the reopening plan by the end of 2026; capital expenditures; adequacy of funds for projects and liabilities; expectations regarding the date of maturity, interest payable and timing of non-convertible debentures; outcome and impact of litigation; the *Fisheries Act* direct indictment instituted against the Company and others, including its subsidiary Mount Polley Mining Corporation, on December 6, 2024 (the "Indictment"); potential claims and probability of material loss or judgment against the Company; cash flow; working capital requirements; the requirement for additional funding for capital projects; the ability for the Company to continue as a going concern, including sufficient funding of the Company's obligations as they come due; results and targets of operations, production, revenue, margins and earnings; future prices of copper and gold; future foreign currency exchange rates, including its impact on derivative instruments; volatility of the Company's income or loss from derivative instruments; liquidation of marketable securities; and the use of financial measures including adjusted net loss, adjusted EBITDA, cash earnings and cash cost per pound of copper, which are not generally accepted accounting principles ("non-GAAP").

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 successful in defending itself against the Indictment, and any adverse findings or judgments resulting from the Indictment will not have a material adverse impact; the scope and duration of communicable disease outbreaks ("Outbreaks"), and their impact on our business will not be significant and the Company's operations will be able to return to normal as they subside; the Company will have access to capital as required and will be able to fulfill its funding obligations as the Red Chris minority joint venture partner; there are risks related to holding non-majority investment interests in the Red Chris mine Joint Venture; 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 and Huckleberry mines; the Company's rehabilitation activities at Mount Polley and Huckleberry will be successful in the long term; all required permits, approvals and arrangements to proceed with planned rehabilitation at Huckleberry will be obtained in a timely manner; there will be no material operational and/or permitting delays at the Red Chris and Mount Polley mines; there will be no material delay in the receipt of the Red Chris block cave feasibility study, the block cave funding decision and subsequent, related expansion plans; 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; and the Red Chris and Mount Polley mines will achieve expected production outcomes (including with respect to mined grades and mill recoveries and access to water as needed) with no material delays, shutdowns, property damage and/or loss as a result of climate change impacts, such as (but not limited to) those arising from wildfires, flooding and mudslides. 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: the risk that the Company's beneficial interest of the Red Chris mine may be diluted over time should it not have access to capital as required and will not be able to meet its funding obligations as the Red Chris minority joint venture partner; the risk that the Red Chris block cave feasibility study is not finalized in a timely manner or at all, thereby materially or indefinitely delaying anticipated Red Chris expansion plans; the risk that the Red Chris joint venture approval will not occur for the block cave and/or permits for the block cave are delayed or not received; additional financing that may be required may not be available to Imperial on terms acceptable to Imperial or at all; risks relating to the timely receipt of necessary approvals and consents to proceed with the rehabilitation plan at Huckleberry; risks relating to mining operations and mine restart timelines; uncertainty regarding general economic conditions; uncertainty regarding the short-term and long-term impact of Outbreaks on the Company's operations and investments and on the global economy and metals prices generally, risks that Outbreaks may adversely impact copper and gold prices, our ability to transport or market our concentrate, cause disruptions in our supply chains and create volatility in commodity prices and demand; risks relating to the potential ineffectiveness of the measures taken in response to Outbreaks; risks associated with competition within the mining industry; the Company's dependency on third party smelters; risks relating to geopolitical instability, threats to state sovereignty, tariffs and other trade barriers; the quantum of claims, fines and penalties that may become payable by Imperial, including any which may result from the Indictment, and the risk that current sources of funds are insufficient to fund liabilities; risks that Imperial will be unsuccessful in defending against the Indictment, and any other 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, power outages, climate change impacts, such as (but not limited to) those arising from wildfires, flooding and mudslides and other natural phenomena such as weather conditions and water shortages, negatively impacting the operation of the Red Chris and Mount Polley mines and potentially causing material delays, shutdowns, property damage and/or loss; changes in commodity and power prices; changes in market demand for our concentrate; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources); uncertainty relating to mineral resource and mineral reserve estimates; uncertainty relating to production estimates; risks associated with mineral exploration and project development; fluctuations in exchange rates and interest rates; risks associated with permitting and government regulations; environmental and health and safety matters; risks relating to joint venture projects; risks relating to foreign operations; dependence on key management personnel; taxation risk; conflicts of interest; risks arising from cyber threats (including such threats arising from artificial intelligence ("AI") models autonomously breaking out of testing environments) and potential adverse impacts from the global incorporation of AI and machine learning into business processes; credit risk related to cash, trade and other receivables, and future site reclamation deposits; risks relating to the use of derivative contracts and other hazards and risks disclosed within the "Risk Factors" section of the Company's current Annual Information Form, and other public filings which are available on Imperial's profile at sedarplus.ca. 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.

All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information.

Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.

SIGNIFICANT EVENTS AND LIQUIDITY

The Company's audited Consolidated Financial Statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course as they come due. The Company has in place a robust planning, budgeting, and forecasting process to determine the funds required to support its operations and expansionary plans. As a result, after considering all relevant information, management has concluded that there are no material uncertainties related to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for at least the next year.

Significant events during the six months ended June 30, 2026

On March 6, 2026, pursuant to a non-brokered, private placement, the Company purchased 10,000,000 Units of Andex Gold Inc. ("AndeX Gold"), a private company incorporated under the laws of Ontario, at a price of US$1.00 per Unit for aggregate proceeds of US$10.0 million. AndeX Gold holds 96% of the issued and outstanding shares of AndeX Minerals Inc., a private company incorporated under the laws of Ontario, which owns the Sofia property (formerly known as the Anocarire project) in Chile. The Company accounts for this transaction as equity investments in associate.

On June 19, 2026 the province of British Columbia granted key authorizations approving the transition of Red Chris from open pit operations to a block cave mine. The authorization of an amended Environmental Assessment Certificate, following a consent-based framework with the Tahltan Nation, and an amended Mines Act authorization effectively permit an extension of mine life into the mid-2040s.

Significant subsequent events

On July 2, 2026 the Federal Government of Canada has announced its commitment to contribute $500 million to support the Red Chris Block Cave project in connection with the Canada-British Columbia Co-operative Prosperity Agreement. As the Red Chris joint venture advances through the internal approval process toward a final investment decision, this commitment strengthens the business case for the development of its proposed block cave copper-gold operation. The joint venture partner, Newmont Corporation, is in the process of completing a Definitive Feasibility Study for the project. The project is expected to extend the life of the current Red Chris mine by approximately 14 years and sets the foundation for decades of potential additional mining.

In July 2026, the British Columbia Environmental Assessment Office recommended approval of Mount Polley Tailings Dam construction to the 987 metre elevation from the previously permitted 974 metre elevation. The regulatory process included consultation with First Nations in the area. The permitted facility will provide storage of the tailings generated by the expanded mining to 2034.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2025.

Investments in an associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. The statement of income reflects Company's share of the results of operations of the associate. Unrealized gains and losses resulting from the transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Government Grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attaching to the grants and that the grants will be received.

Government grants relating to the acquisition or construction of mineral property, plant and equipment or exploration and development assets are recognized as a reduction of the cost of the related assets. The grant is deducted in determining the carrying amount of the asset on initial recognition. The reduced carrying amount of the asset is depreciated over its estimated useful life in accordance with the Company's accounting policy for mineral property, plant and equipment, resulting in the grant being recognized in statement of income or loss over the periods in which depreciation is recognized.

Government grants related to income are recognized in statement of income on a systematic basis over the periods in which the Company recognizes the related expenses that the grants are intended to compensate. Such grants are presented as a deduction from the related expenses or as other operating income, as appropriate and consistent with the nature of the grant.

Where a government grant becomes repayable, the repayment is recognized prospectively as a change in accounting estimate. For grants related to assets, the carrying amount of the related asset is increased by the amount repayable, and the cumulative additional depreciation that would have been recognized in the absence of the grant is recognized immediately in statement of income or loss.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of new standards effective as of January 1, 2026. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments are applied to transactions that occur on or after the beginning of the earliest comparative period presented. We do not expect these amendments to have a material effect on our financial statements:
- Amendments to IAS 21 Lack of Exchangeability; and
- Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7.

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7. These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

The amendments are effective for periods beginning on or after January 1, 2026, and adoption of these amendments did not have a material effect on our condensed interim consolidated financial statements. For financial liabilities settled in cash using an electronic payment system, we applied the election to deem these financial liabilities to be discharged before the settlement date. The amendments have been applied retrospectively with no restatement of comparative information, in accordance with transition requirements on initial application of IFRS 9. The adjustment to the cash balance is reflected as an $1.7 million increase to the opening balance of cash and cash equivalents in the consolidated statement of cash flows.

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements (IFRS 18), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three main categories of operating, investing and financing, and by specifying certain defined totals and subtotals. An entity may use certain subtotals of income and expenses in public communications outside the financial statements to communicate management's view of an aspect of the financial performance of the entity as a whole to users, and these subtotals are not specifically required by IFRS Accounting Standards. IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures (MPMs). IFRS 18 also provides additional guidance on principles of aggregation and disaggregation that apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income (loss) and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early application is permitted.

We are continuing to assess and quantify the effect of this standard on our condensed interim consolidated financial statements. The standard is expected to result in changes to the presentation of our consolidated statements of income, by requiring all income and expenses to be classified into the three main categories of operating, investing and financing. Specifically, we anticipate changes to the presentation of certain income and expense items, for example, that foreign exchange gains and losses will be classified in the same category as the items that gave rise to the exchange difference, rather than being combined into one line. The cash flow statement will begin with the new IFRS 18-specified subtotal of operating profit. We will also have enhanced note disclosures on any identified MPMs, such as adjusted EBITDA. We expect to apply IFRS 18 on its effective date with full retrospective application, including restated comparative information.

QUARTER HIGHLIGHTS

FINANCIAL

Total revenue was $166.5 million in the June 2026 quarter compared to $175.8 million in the 2025 comparative quarter.

In the June 2026 quarter, Mount Polley mine had 1.0 concentrate shipments (2025-1.9 concentrate shipments). The Red Chris mine (100% basis) had 4.0 concentrate shipments (2025-5.0 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.

At June 30, 2026, the Company had not hedged any copper, gold or US/CDN Dollar exchange.

The London Metals Exchange cash settlement copper price per pound averaged US$6.04 in the June 2026 quarter compared to US$4.32 in the 2025 comparative quarter. The LBMA (London Bullion Market Association) Final and Initial gold price per troy ounce averaged US$4,516 in the June 2026 quarter compared to US$3,280 in the 2025 comparative quarter. The average US/CDN Dollar exchange rate was 1.384 in the June 2026 quarter compared to the exchange rate of 1.384 in the June 2025 quarter. In CDN Dollar terms the average copper price in the June 2026 quarter was CDN$8.36 per pound compared to CDN$5.98 per pound in the 2025 comparative quarter, and the average gold price in the June 2026 quarter was CDN$6,249 per ounce compared to CDN$4,540 per ounce in the 2025 comparative quarter.

Revenue revaluation for the June 2026 quarter was $4.6 million, compared to $2.2 million in the comparative quarter of 2025. Revenue revaluations arise from changes in metal prices between the initial recognition of revenue and the settlement date and/or the reporting balance sheet date, together with adjustments to payable metal quantities following receipt of final assay results.

Net income for the June 2026 quarter was $22.0 million ($0.12 income per share) compared to net income of $40.6 million ($0.25 income per share) in the 2025 comparative quarter. The decrease in net income of $18.6 million was primarily due to the following factors:

- Income from mine operations decreased to $47.3 million in the June 2026 quarter from $81.3 million in the June 2025 quarter, a decrease of $34.0 million, partially offset by:
- Net interest expense decreased to $3.6 million in the June 2026 quarter from $6.8 million in the June 2025 quarter, increasing net income by $3.2 million; and
- Tax expense decreased to $13.5 million in the June 2026 quarter from $26.5 million in the June 2025 quarter, increasing net income by $13.0 million.

Capital expenditures including leases were $67.0 million in the June 2026 quarter, an increase of $2.9 million from $64.1 million in the 2025 comparative quarter. The June 2026 quarter expenditures included $29.8 million in exploration and development, $12.4 million for tailings dam construction and $24.8 million of other capital.

OPERATIONS

During the quarter ended June 30, 2026, Imperial's consolidated metal production was 8.8 million pounds copper (Q2 2025-16.5 million pounds copper) and 11,226 ounces gold (Q2 2025-17,848 ounces gold).

Mount Polley Mine

Mount Polley metal production for the second quarter of 2026 was 3.382 million pounds copper and 6,848 ounces gold, compared to 9.496 million pounds copper and 11,061 ounces gold produced during the second quarter of 2025. Copper production was down 64% and gold production was down 38%, on lower grades, recoveries and throughput compared to the second quarter of 2025. Throughput in the second quarter of 2026 was 18,498 tonnes per day compared to 19,331 tonnes per day in the second quarter of 2025. Compared to the first quarter of 2026, throughput was up 12%, copper production was down 23% and gold production was down 10%.

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Ore milled - *tonnes*	1,683,357	1,759,093	3,183,106	3,480,862
Ore milled per calendar day - *tonnes*	18,498	19,331	17,586	19,231
Grade % - copper	0.152	0.295	0.168	0.288
Grade g/t - gold	0.199	0.286	0.215	0.280
Recovery % - copper	60.2	83.0	66.0	83.2
Recovery % - gold	63.6	68.4	65.7	69.1
Copper - *000's pounds*	3,382	9,496	7,781	18,400
Gold - *ounces*	6,848	11,061	14,457	21,682

Mill feed for the second quarter of 2026 was sourced 44% from the Springer pit Phase 5 pushback supplemented by 15% from Phase 4 and C2 pit, and 41% from lower grade stockpiles. The high percentage of low-grade stockpile material delivered to the mill resulted in lower copper and gold grades being milled. By the fourth quarter of 2026 higher grade material from Phase 5 should begin to be delivered to the mill and reduce or eliminate the need to process lower grade stockpiles.

Stripping activities for the Phase 5 pushback continued during the quarter with approximately 6.032 million tonnes of rock mined from this pushback. Approximately 2.725 million tonnes of non-acid generating rock from the pushback were delivered to the tailings storage facility embankment for buttress construction.

Exploration program

Diamond drilling started in February 2026 and initially followed up on the successful results from the first drilling campaign at the Mount Polley mine in more than a decade in the Bell Pit area. Since February 2026, there have been 41 diamond drill holes completed totaling 8,620 metres focusing on the historic Bell Pit area, the expansion of the Cariboo Zone laterally and to depth.

Exploration, development, and capital expenditures in the second quarter of 2026 were $30.3 million compared to $33.7 million in the 2025 comparative quarter.

Red Chris Mine

Red Chris production (100%) for the second quarter of 2026 was 17.924 million pounds copper and 14,591 ounces gold compared to 23.479 million pounds copper and 22,624 ounces gold during the same quarter of 2025. Both copper and gold production were down compared to the second quarter of 2025, with copper production down 24% and gold production down 36%.

The decrease in copper production was a result of a 18% decrease in copper grade (0.45% vs. 0.55%) with higher recovery and lower throughput. The decrease in gold production was a result of lower gold grade in the mill feed (0.35 g/t gold vs. 0.49 g/t gold) and lower throughput, with similar gold recovery (59.4% vs. 60.0%) compared to the same quarter last year.

Both copper and gold production remain on track to achieve the budgeted 2026 production, and the guidance for 2026 Red Chris production (100%) remains 60.0 – 66.0 million pounds of copper and 47,500 – 52,500 ounces of gold.

Imperial's 30% portion of Red Chris mine for the second quarter of 2026 was 5.377 million pounds copper and 4,377 ounces gold.

100% Red Chris mine production	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Ore milled - *tonnes*	2,155,695	2,393,788	4,106,038	4,443,263
Ore milled per calendar day - *tonnes*	23,689	26,305	22,561	24,414
Grade % - copper	0.450	0.547	0.482	0.580
Grade g/t - gold	0.354	0.490	0.421	0.514
Recovery % - copper	83.8	81.4	84.6	82.0
Recovery % - gold	59.4	60.0	62.5	60.3
Copper - *000's pounds*	17,924	23,479	36,905	46,606
Gold - *ounces*	14,591	22,624	34,699	44,287

Imperial's 30% share of exploration, development, and capital expenditures were $35.0 million in the June 2026 quarter compared to $30.2 million in the 2025 comparative quarter.

Block Cave Feasibility Study

The Red Chris feasibility study for a block cave expansion operation is advancing. The key permits are in hand with approval from both the Province of British Columbia and Tahltan First Nation. Completion of the feasibility study and, subject to the study outcomes, joint venture approval are expected in the second half of 2026.

Exploration Program

There have been three diamond drills operating at Red Chris during the last quarter, one underground for geotechnical information and two surface drills completing geotechnical information for the proposed block cave and exploration in the Far West zone. Additional surface drilling will be continuing in the Far West zone and then the drill rig will be moving to explore the South Boundary fault offset Main zone target. There will be continued surface exploration outside of the known zones along strike of the Red Chris porphyry stock.

Huckleberry Mine

Huckleberry operations ceased in August 2016 and the mine remains on care and maintenance status.

Following the successful drilling program in 2025 of an underexplored area southwest of the Main Zone Pit, where all nine drillholes intersected copper, molybdenum, silver, and gold mineralization, a program of re-assaying available historic core for gold and silver was completed. A follow-up 2026 drilling program included drilling additional 22 diamond drill holes, with all the holes intersecting significant copper, molybdenum, silver and gold.

The Company has commenced preliminary work on the cost of restarting Huckleberry and is targeting to have a completed reopening plan by the end of 2026 that includes a mine plan optimized with the new diamond drilling data.

For the June 2026 quarter, Huckleberry incurred idle mine costs comprised of $2.6 million in operating costs and compared to $1.7 million in operating cost and $0.3 million in depreciation expense in the comparable quarter of 2025.

Exploration, development, and capital expenditures were $0.9 million in June 2026 quarter compared to $0.1 million in June 2025 quarter.

TECHNICAL INFORMATION

The technical and scientific information in this MD&A related to the Company's mineral projects has been reviewed and approved by Steve Robertson, P.Geo., Imperial's Vice President Corporate Development, and a designated Qualified Person as defined by NI 43-101.

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	
	2026	2025	2026	2025
Operations:				
Total revenues	$166,517	$175,751	$321,088	$352,370
Net income	$21,982	$40,550	$36,384	$81,887
Net income per share	$0.12	$0.25	$0.20	$0.50
Diluted income per share	$0.12	$0.25	$0.20	$0.50
Adjusted net income [1]	$22,607	$40,550	$37,000	$81,887
Adjusted net income per share [1]	$0.13	$0.25	$0.21	$0.50
Adjusted EBITDA [1]	$69,970	$99,471	$140,739	$197,140
Cash earnings [1][2]	$69,167	$97,697	$137,708	$193,706
Cash earnings per share [1][2]	$0.39	$0.60	$0.77	$1.19
Working capital deficiency	$(69,949)	$(119,604)	$(69,949)	$(119,604)
Total assets	$1,991,599	$1,708,810	$1,991,599	$1,708,810
Total debt (including current portion) [3]	$197,503	$277,264	$197,503	$277,264

[1] Refer to *Non-GAAP Financial Measures* 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 period.

[3] Total debt consists of credit facility, development loan, non-convertible debentures, equipment loans and leases.

NON-GAAP FINANCIAL MEASURES

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

Adjusted Net Income and Adjusted Net Income Per Share

Adjusted net income is derived from operating net income by removing the gains or losses, resulting from acquisition and disposal of property, net of tax, unrealized foreign exchange gains or losses on long term debt, net of tax and other non-recurring items. Adjusted net income in the June 2026 quarter was $22.6 million ($0.13 per share) compared to an adjusted net income of $40.6 million ($0.25 per share) in the 2025 comparative quarter. We believe that the presentation of Adjusted Net Income helps investors better understand the results of our normal operating activities and the ongoing cash generating potential of our business as further detailed below.

Calculation of Adjusted Net Income

expressed in thousands of dollars, except share and per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Net income	$21,982	$40,550	$36,384	$81,887
Loss on disposal of mineral properties, net of tax	599	-	590	-
Loss on equity investments	26	-	26	-
Total Adjusted Net Income	$22,607	$40,550	$37,000	$81,887
Basic weighted average number of common shares outstanding	178,172,237	162,648,009	178,166,147	162,271,577
Total Adjusted Net Income Per Share	$0.13	$0.25	$0.21	$0.50

Adjusted EBITDA

Adjusted EBITDA in the June 2026 quarter was $70.0 million compared to $99.5 million in the 2025 comparative quarter. We define Adjusted EBITDA as net income before interest expense, taxes, depletion, and depreciation, and as adjusted for certain other items described in the following reconciliation table.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain non-cash items and is useful to investors as an important indicator of our operations and the performance of our core business. Adjusted EBITDA is not a measurement of operating performance or liquidity under IFRS Accounting Standards and should not be considered as a substitute for earnings from operations, net income or cash generated by operating activities computed in accordance with IFRS Accounting Standards. Adjusted EBITDA has limitations as an analytical tool and therefore Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

A reconciliation of net income to Adjusted EBITDA is as follows:

expressed in thousands of dollars	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Net Income	$21,982	$40,550	$36,384	$81,887
Adjustments:				
Income and mining tax expense	13,477	26,503	35,506	49,771
Interest expense, net	3,627	6,785	7,172	14,908
Depletion and depreciation	27,305	22,570	54,526	45,917
Accretion of future site reclamation provisions	3,020	2,082	6,040	3,984
Share based compensation	330	71	661	145
Foreign exchange (gain) loss	(627)	910	(394)	528
Loss on equity investments	36	-	36	-
Loss on disposal of mineral properties	820	-	808	-
Total Adjusted EBITDA	$69,970	$99,471	$140,739	$197,140

Cash Earnings and Cash Earnings Per Share

Cash earnings in the June 2026 quarter was $69.2 million compared to $97.7 million in the 2025 comparative quarter. Cash earnings per share was $0.39 in the June 2026 quarter compared to $0.60 in the 2025 comparative quarter.

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 Accounting Standards. 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.

Expressed in thousands of dollars, except per share and per share amounts	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Net income	$21,982	$40,550	$36,384	$81,887
Items not affecting cash earnings:				
Deferred mining and income tax expense	12,674	24,758	32,475	46,337
Interest expense, net	3,627	6,785	7,172	14,908
Depletion and depreciation	27,305	22,570	54,526	45,917
Accretion of future site reclamation provisions	3,020	2,082	6,040	3,984
Share based compensation	330	71	661	145
Unrealized foreign exchange loss (gain)	(627)	881	(394)	528
Loss on equity investments	36	-	36	-
Loss on disposal of mineral properties	820	-	808	-
Total Cash Earnings	$69,167	$97,697	$137,708	$193,706
Basic weighted average number of common shares outstanding	178,172,237	162,648,009	178,166,147	162,271,577
Total Cash Earnings Per Share	$0.39	$0.60	$0.77	$1.19

Cash Cost Per Pound of Copper Produced

Management uses this non-GAAP financial measure to monitor operating costs and profitability. The Company is primarily a copper producer and therefore calculates this non-GAAP financial measure individually for its two operating copper mines, Mount Polley and Red Chris (30% share), 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.

Cash costs of production include direct labour, operating materials and supplies, equipment and mill costs, and applicable overhead. Off-site costs include transportation, warehousing, marketing, related insurance and treatment and refining costs for smelting and refining concentrate.

Treatment and refining costs applicable to the concentrate produced during the period are calculated in accordance with the contracts the Company has with its customers.

By-product and other revenues represent: (i) revenue calculated based on average metal prices for by-products produced during the period based on contained metal in the concentrate; and (ii) other revenues as recorded during the period.

Cost of sales, as reported on the consolidated statement of comprehensive loss, includes depletion and depreciation, and share-based compensation, non-cash items. The resulting cash costs are different than the cost of production because of changes in inventory levels and therefore inventory and related transportation and offsite costs are adjusted from a cost of sales basis to a production basis. The cash costs for copper produced are converted to US$ using the average US$ to CDN$ exchange rate for the period divided by the pounds of copper produced to obtain the cash cost per pound of copper produced in US$.

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.

The following tables reconcile cost of sales as shown on the consolidated statement of comprehensive loss to the cash cost per pound of copper produced in US$ for the three months ended June 30, 2026 and 2025.

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended June 30, 2026		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	$70,941	$48,270	$119,211
Less:			
Depletion and depreciation	(8,723)	(18,559)	(27,282)
Share based compensation	(49)	-	(49)
Cash costs before adjustment to production basis	62,169	29,711	91,880
Adjust for inventory change	(4,598)	3,809	(789)
Adjust transportation and offsite costs	(1,037)	(871)	(1,908)
Adjust for other costs	(482)	(57)	(539)
Treatment, refining and royalty costs	41	117	158
By-product and other revenues	(42,664)	(27,657)	(70,321)
Cash cost of copper produced in CDN$	$13,429	$5,052	$18,481
US$ to CDN$ exchange rate	*1.3837*	*1.3837*	*1.3837*
Cash cost of copper produced in US$	$9,705	$3,651	$13,356
Copper produced – 000’s pounds	*3,382*	*5,384*	*8,766*
Cash cost per lb copper produced in US$	$2.87	$0.68	$1.52

Calculation of Cash Cost Per Pound of Copper Produced

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

	Three Months Ended June 30, 2025		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	$40,092	$54,329	$94,421
Less:			
Depletion and depreciation	(7,849)	(14,386)	(22,235)
Share based compensation	(7)	-	(7)
Cash costs before adjustment to production basis	32,236	39,943	72,179
Adjust for inventory change	181	2,027	2,208
Adjust transportation and offsite costs	(1,193)	(765)	(1,958)
Adjust for other costs	(347)	-	(347)
Treatment, refining and royalty costs	(545)	954	409
By-product and other revenues	(49,642)	(30,359)	(80,001)
Cash cost of copper produced in CDN$	$(19,310)	$11,800	$(7,510)
US$ to CDN$ exchange rate	*1.3841*	*1.3841*	*1.3841*
Cash cost of copper produced in US$	$(13,951)	$8,525	$(5,426)
Copper produced – 000’s pounds	*9,496*	*7,044*	*16,540*
Cash cost per lb copper produced in US$	$(1.47)	$1.21	$(0.33)

Calculation of Cash Cost Per Pound of Copper Produced

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

	Six Months Ended June 30, 2026		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	$129,056	$96,879	$225,935
Less:			
Depletion and depreciation	(18,314)	(36,035)	(54,349)
Share based compensation	(98)	-	(98)
Cash costs before adjustment to production basis	110,644	60,844	171,488
Adjust for inventory change	502	12,078	12,580
Adjust transportation and offsite costs	(558)	(1,737)	(2,295)
Adjust for other costs	(885)	(131)	(1,016)
Treatment, refining and royalty costs	449	308	757
By-product and other revenues	(92,418)	(68,221)	(160,639)
Cash cost of copper produced in CDN$	$17,734	$3,141	$20,875
US$ to CDN$ exchange rate	*1.3777*	*1.3777*	*1.3777*
Cash cost of copper produced in US$	$12,872	$2,280	$15,152
Copper produced – 000's pounds	7,781	11,079	18,860
Cash cost per lb copper produced in US$	$1.65	$0.21	$0.80

Calculation of Cash Cost Per Pound of Copper Produced

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

	Six Months Ended June 30, 2025		
	Mount Polley	Red Chris	Composite
	A	B	C=A+B
Cost of sales	$84,085	$108,651	$192,736
Less:			
Depletion and depreciation	(14,907)	(30,341)	(45,248)
Share based compensation	(18)	-	(18)
Cash costs before adjustment to production basis	69,160	78,310	147,470
Adjust for inventory change	(1,343)	3,505	2,162
Adjust transportation and offsite costs	(1,432)	(1,606)	(3,038)
Adjust for other costs	(360)	-	(360)
Treatment, refining and royalty costs	(756)	1,892	1,136
By-product and other revenues	(92,797)	(56,555)	(149,352)
Cash cost of copper produced in CDN$	$(27,528)	$25,546	$(1,982)
US$ to CDN$ exchange rate	*1.4096*	*1.4096*	*1.4096*
Cash cost of copper produced in US$	$(19,529)	$18,123	$(1,406)
Copper produced – 000's pounds	18,400	13,982	32,382
Cash cost per lb copper produced in US$	$(1.06)	$1.30	$(0.04)

RESULTS FROM OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2026 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2025

Overview

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended June 30, 2026.

Revenues were $166.5 million in the June 2026 quarter compared to $175.8 million in the 2025 comparative quarter. 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.

Net income for the June 2026 quarter was $22.0 million ($0.12 income per share) compared to net income of $40.6 million ($0.25 income per share) in the 2025 comparative quarter. The decrease in net income of $18.6 million was primarily due to the following factors:

- Income from mine operations decreased to $47.3 million in the June 2026 quarter from $81.3 million in the June 2025 quarter, a decrease of $34.0 million, partially offset by:
- Net interest expense decreased to $3.6 million in the June 2026 quarter from $6.8 million in the June 2025 quarter, increasing net income by $3.2 million; and
- Tax expense decreased to $13.5 million in the June 2026 quarter from $26.5 million in the June 2025 quarter, increasing net income by $13.0 million.

The average US/CDN Dollar exchange rate the June 2026 quarter was 1.384 compared to an average of 1.384 in the 2025 quarter.

Revenue

	Three Months Ended June 30	
	2026	2025
Quantities sold – contained metal		
Copper – *000's pounds*	*10,021*	*16,531*
Gold – *ounces*	*13,148*	*17,490*
Silver – *ounces*	*23,461*	*39,552*

	Three Months Ended June 30	
	2026	2025
Revenue	(000's)	(000's)
Copper	$89,065	$95,519
Gold	74,302	78,379
Silver	2,722	1,719
	166,089	175,617
Other	428	134
Total Revenue	$166,517	$175,751

The Company's revenue was derived primarily from the sale of copper and gold in concentrate from the Mount Polley and Red Chris mines. The Mount Polley mine accounted for 52% and the Red Chris Mine accounted for 47% of the Company's revenue in June 2026 quarter (June 2025-61% and 39% respectively).

Copper accounted for 53% and gold accounted for 45% of the Company's revenue in June 2026 quarter (June 2025-54% and 45% accordingly).

Cost of Sales

Cost of sales was $119.2 million in the June 2026 quarter compared to $94.4 million in the 2025 comparative quarter.

	Three Months Ended June 30	
	2026	2025
	(000's)	(000's)
Operating expenses	$91,880	$72,179
Stock-based compensation	49	7
Depletion and depreciation	27,282	22,235
	$119,211	$94,421

Interest Expense, net

Interest expense, net of capitalized interests and interest income was $3.6 million in the June 2026 quarter compared to $6.8 million in the 2025 comparative quarter.

	Three Months Ended June 30	
	2026	2025
	(000's)	(000's)
Interest and finance fees on long term debt:		
Non-convertible debentures	$1,473	$4,498
Convertible debentures	-	1,209
Equipment loans and leases	195	224
	1,668	5,931
Other interest and finance fees		
Credit facility	686	932
Advanced development loan	3,094	2,033
Other	1,523	998
	5,303	3,963
	6,971	9,894
Less capitalized interest	(3,094)	(2,033)
Less interest income	(250)	(1,076)
	$3,627	$6,785

RESULTS FROM OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2026 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2025

Overview

Revenues decreased to $321.1 million during six months ended June 30, 2026 period compared to $352.4 million in the 2025 period, a decrease of $31.3 million or 9%. Variations in revenue are impacted by the reduction in the quantity of the concentrate sold, timing and quantity of concentrate shipments, period end revaluations of revenue attributed to concentrate shipments where copper and gold prices will settle at a future date, which is offset by the increase in metal prices during six months ended June 30, 2026 compared to 2025 period.

Net income for six months ended June 30, 2026 period was $36.4 million ($0.20 income per share) compared to $81.9 million ($0.50 income per share) in the 2025 comparative period. The decrease in net income of $45.5 million is primarily due to the following factors:

- Income from mine operations decreased by $64.4 million from $159.6 million during six months ended June 30, 2025 to income of $95.2 million in June 2026 period largely due to the decrease in the quantity of concentrate production, partially offset by:
- Interest expense, net of capitalized interest and interest income decreased from $14.9 million during six months ended June 30, 2025 to $7.2 million in June 2026 period, increasing net income by $7.7 million; and
- Tax expense decreased from $49.8 million in June 2025 period to $35.5 million in June 2026 period, increasing net income by $14.3 million.

The average US/CDN Dollar exchange rate in the June 2026 period was $1.384 which was similar to an average of 1.384 in the 2025 comparative period.

Revenue

	Six Months Ended June 30	
	2026	2025
Quantities sold – contained metal		
Copper – *000's pounds*	19,376	33,100
Gold – *ounces*	25,275	34,984
Silver – *ounces*	45,264	78,269

	Six Months Ended June 30	
	2026	2025
	(000's)	(000's)
Revenue		
Copper	$158,758	$195,116
Gold	156,256	153,748
Silver	5,201	3,295
	320,215	352,159
Corporate	873	211
Total Revenue	$321,088	$352,370

During the June 2026 period, the Company sold 19.4 million pounds copper and 25,275 ounces gold compared to 33.1 million pounds copper and 34,984 ounces gold in the June 2025 comparative period.

In the June 2026 period, the Red Chris mine (100% basis) had 8.0 concentrate shipments (2025-10.0 concentrate shipments), and Mount Polley mine had 1.6 shipments (2025-3.8 concentrate shipments).

Copper accounted for 49% and gold accounted for 49% of the Company's revenue during six months ended June 30, 2026 (2025-55% and 44% accordingly).

Cost of Sales

	Six Months Ended June 30	
	2026	2025
	(000's)	(000's)
Operating expenses	$171,488	$147,470
Share based compensation expense	98	18
Depletion and depreciation	54,349	45,248
	$225,935	$192,736

Cost of sales for the June 2026 period was $225.9 million compared to $192.7 million in the June 2025 comparative period:

- operating expenses for the June 2026 period were $171.5 million compared to $147.5 million in the June 2025 period, and
- depletion and depreciation for the June 2026 period was $54.3 million compared to $45.2 million in the June 2025 period.

Interest Expense, Net

Interest expense, net of capitalized interest and interest income was $7.2 million for the June 2026 period compared to $14.9 million in the June 2025 comparative period.

	Six Months Ended June 30	
	2026	2025
	(000's)	(000's)
Interest and finance fees on debt:		
Non-convertible debentures	$2,973	$8,943
Convertible debentures	-	2,411
Equipment loans and leases	353	438
	3,326	11,792
Other interest and finance fees		
Credit facility	1,337	2,473
Advanced development loan	5,872	3,924
Other	2,911	1,970
	10,120	8,367
	13,446	20,159
Less: interest capitalized	(5,872)	(3,924)
Less: interest income	(402)	(1,327)
	$7,172	$14,908

SELECT QUARTERLY FINANCIAL INFORMATION

Unaudited - expressed in thousands of dollars, except per share amounts, prices, and exchange rates	Three Months Ended			
	June 30 2026	March 31 2026	December 31 2025	September 30 2025
Total revenues	$166,517	$154,571	$170,657	$168,754
Net income	$21,982	$14,402	$33,356	$38,537
Basic income per share	$0.12	$0.08	$0.19	$0.23
Diluted income per share	$0.12	$0.08	$0.18	$0.22
Adjusted net income[(1)]	$22,607	$14,393	$33,514	$38,511
Adjusted net income per share[(1)]	$0.13	$0.08	$0.19	$0.23
Adjusted EBITDA[(1)]	$69,970	$70,769	$92,073	$92,469
Cash earnings[(1)]	$69,167	$68,541	$90,423	$90,352
Cash earnings per share[(1)]	$0.39	$0.38	$0.51	$0.53
Average LME copper price/lb in USD$	$6.04	$5.83	$5.03	$4.44
Average LBMA gold price/troy oz in USD$	$4,516	$4,877	$4,145	$3,454
Average USD/CAD exchange rate	1.384	1.372	1.395	1.377
Period end USD/CAD exchange rate	1.421	1.394	1.371	1.392

	June 30 2025	March 31 2025	December 31 2024	September 30 2024
Total revenues	$175,751	$176,619	$131,974	$146,098
Net income	$40,550	$41,337	$62,788	$32,268
Basic income per share	$0.25	$0.26	$0.39	$0.20
Diluted income per share	$0.25	$0.25	$0.39	$0.20
Adjusted net income[(1)]	$40,550	$41,337	$59,393	$32,268
Adjusted net income per share[(1)]	$0.25	$0.26	$0.37	$0.20
Adjusted EBITDA[(1)]	$99,471	$97,669	$70,203	$73,668
Cash earnings[(1)]	$97,697	$96,009	$73,844	$72,145
Cash earnings per share[(1)]	$0.60	$0.59	$0.46	$0.45
Average LME copper price/lb in USD$	$4.32	$4.24	$4.16	$4.17
Average LBMA gold price/troy oz in USD$	$3,280	$2,862	$2,662	$2,476
Average USD/CAD exchange rate	1.384	1.435	1.399	1.364
Period end USD/CAD exchange rate	1.364	1.438	1.439	1.350

(1) Refer to tables under heading *Non-GAAP Financial Measures* for details of the calculation of these amounts.

The financial information for each of the most recently completed eight quarters has been prepared in accordance with IFRS Accounting Standards other than in respect of the non-GAAP financial measures described in more detail under *Non-GAAP Financial Measures*.

Variations in the quarterly results are impacted by two primary factors:

(a) Fluctuations in revenue are due to the timing of shipping schedules and quantities of copper and gold sold on each ship, production volumes at the mines, changes in the price of copper and gold, and the USD/CAD exchange rate.

(b) Fluctuations in net income are due to the revenue changes described above and realized and unrealized gains/losses on derivative instruments based on movements in the reference item hedged, changes in foreign exchange rates on USD$ denominated debt, changes in production cost inputs and changes in tax rates.

In addition to the variations in quarterly results caused by the primary factors discussed above, the following periods had non-recurring transactions that further impacted net income (loss):

(a) The primary reason for the increase in net income in the September 2024 quarter compared to June 2024 quarter was the increase in revenue and income from mine operations at the Mount Polley and Red Chris mines, which was offset by the increase in income tax expense in the June 2024 quarter.

(b) The primary reason for the increase in net income in the December 2024 quarter compared to September 2024 quarter was the reversal of a settlement provision and higher revenues at both Mount Polley and Red Chris.

(c) The primary reason for the decrease in net income in the March 2025 quarter compared to December 2024 quarter was higher revenues at both Mount Polley and Red Chris, which was offset by the increase in income and mining tax expense.

(d) The income from mine operations improved by $3.0 million for the quarter ended June 2025 compared to March 2025 quarter due to overall lower operating costs.

(e) The income from mine operations reduced by $9.2 million for the quarter ended September 2025 compared to June 2025 as less copper concentrate was sold in the third quarter.

(f) Net income of $33.4 million during quarter ended December 31, 2025 was $5.2 million lower compared to the September 2025 quarter due to an increase in deferred tax expense.

(g) Net income was lower by $19.0 million for the quarter ended March 2026 compared to December 2025 as less copper concentrate was sold in the second quarter of 2026, which was slightly offset by a reduction of $1.2 million in interest expense and reduction of $3.0 million in income and mining tax expense.

(h) Net income was higher by $7.6 million for the quarter ended June 2026 compared to the quarter ended March 2026 mainly due to lower income and mining tax expense.

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2025. The capital structure of the Company consists of short term and long-term debt and equity comprised of share capital, contributed surplus, currency translation adjustment and retained earnings.

LIQUIDITY & CAPITAL RESOURCES AND FINANCING

Credit Risk

The Company's credit risk is limited to cash, trade and other receivables, and future site reclamation deposits in the ordinary course of business. The credit risk of cash and future site reclamation deposits is mitigated by placing funds in financial institutions with high credit quality.

The Company sells to a limited number of traders and smelters. These customers are large and well-capitalized, and credit risk is considered to be minimal. The balance of trade receivables owed to the Company in the ordinary course of business is significant and the Company utilizes short term debt facilities with customers to reduce the net credit exposure.

From time to time the Company enters into derivative instruments with a number of counterparties to limit the amount of credit risk associated with any one counterparty. The Company did not enter into any derivative instruments during the quarter ended June 30, 2026.

Liquidity Risk

The Company has in place a rigorous planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. The Company ensures that in addition to cash balances there are sufficient committed credit facilities, including the advance payment facilities with its customers, to provide cash necessary to meet projected cash requirements.

At June 30, 2026, the Company had a working capital deficiency of $69.9 million, including a cash balance of $86.9 million which compares to a working capital deficiency of $121.6 million and cash balance of $36.8 million at December 31, 2025.

The Company had a $125.0 million revolving credit facility on June 30, 2026 (December 31, 2025-$125.0 million). As at June 30, 2026, a total of $12.7 million (December 31, 2025-$12.7 million) has been utilized under the Credit Facility, that consists of drawdowns in amount of $nil (December 31, 2025-$nil) and $12.8 million (December 31, 2025-$12.7 million) for letters of credit pledged for settlement of future site reclamation provisions and other obligations.

Cash balances on hand, the projected cash flow from the Company's 30% share of Red Chris mine, the projected cash flow from the Company's Mount Polley mine and the available credit facility are expected to be sufficient to fund the Company's ongoing operating obligations as they come due. The Company will be required to raise additional funds for capital projects through such methods as additional equity, additional debt and the monetization of assets.

The Company holds mineral properties and greenfield exploration projects. While these may be convertible to cash, they are not considered when assessing the Company's liquidity as they are part of the risk management program of the Company, long-term strategic holdings, or are only convertible to cash over a longer time horizon if realizable values exceed management's assessment of fair value, respectively. Therefore, as part of the Company's planning, budgeting and liquidity analysis process, these items are not relied upon to provide operational liquidity.

Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company, although the Company considers this risk low as described in the *Credit Risk* section above. The following is an aging of the Company's obligations as of the end of June 30, 2026:

	Within 1 Year	2 Years	3 Years	4 Years	5 years	June 30 2026 Total	December 31 2025 Total
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Trade and other payables	$143,558	$500	$500	$500	$2,500	$147,558	$123,704
Short term debt	136,506	-	-	-	-	136,506	119,709
Long term debt	56,150	4,093	830	531	-	61,604	60,307
Total	$336,214	$4,593	$1,330	$1,031	$2,500	$345,668	$303,720

Currency Risk

Financial instruments that impact the Company's net income and comprehensive income due to currency fluctuations include US dollar denominated cash, trade, and other accounts receivable, reclamation deposits, trade and other payables and debt. If the US Dollar had been 10% higher/lower and all other variables were held constant, net income and comprehensive income for the six months ended June 30, 2026 would have been higher/lower by $4.3 million.

Interest Rate Risk

The Company is exposed to interest rate risk on its credit facilities and advanced development loan. The Company monitors its exposure to interest rates and is comfortable with its current exposure. The Company has not entered into any derivative contracts to manage this risk. If interest rates had been 100 basis points higher/lower on the Company's floating rate debt and all other variables were held constant, the amount of interest expense during the six months ended June 30, 2026 would have increased/decreased by $0.5 million.

Other Price Risks

The Company is exposed to equity price risk arising from marketable securities. Marketable securities are classified as held for trading because the Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities.

Cash Earnings

Cash Earnings were $69.2 million during three months ended June 30, 2026 compared to $97.7 million during the comparable quarter of 2025. Refer to *Cash Earnings and Cash Earnings Per Share* under *Non-GAAP Financial Measures* for further details.

Working Capital

At June 30, 2026, the Company had cash of $86.9 million and a working capital deficiency of $69.9 million, which includes $192.0 million of short term debt and current portion of long term debt, compared to cash of $36.8 million and a working capital deficiency of $121.6 million at December 31, 2025, which included $174.9 million of short term debt and current portion of long-term debt.

Acquisition and Development of Mineral Properties

Acquisition and development of mineral properties totaled $67.0 million during the quarter ended June 30, 2026 compared to $64.1 million in the second quarter of 2025.

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
	(000's)	(000's)	(000's)	(000's)
Capital Expenditures				
Red Chris	$7,781	$11,149	$12,059	$15,676
Mount Polley	28,836	32,467	43,712	59,421
Huckleberry	544	55	787	201
	37,161	43,671	56,558	75,298
Exploration and Development Expenditures				
Red Chris	27,252	19,021	45,011	34,039
Mount Polley	1,428	1,252	2,328	1,460
Huckleberry	346	40	2,244	49
Other	795	115	1,054	248
	29,821	20,428	50,637	35,796
	$66,982	$64,099	$107,195	$111,094

DERIVATIVE INSTRUMENTS

In the past, the Company has utilized a variety of derivative instruments including the purchase of puts, forward sales, currency swaps and the use of min/max zero cost collars. The Company's income or loss from derivative instruments may be very volatile from period to period as a result of changes in the copper and gold prices and US/CDN exchange rates compared to the copper and gold prices and US/CDN exchange rate at the time when these contracts were entered into or the latest balance sheet date and the type and length of time to maturity of the contracts.

The Company had no derivative instruments for copper, gold, or foreign exchange at June 30, 2026 or at the date of this document, other than those embedded in revenue contracts for provisional pricing.

DEBT AND OTHER OBLIGATIONS

At June 30, 2026, the Company's debt was comprised of $nil drawdown on the credit facility, $47.8 million of debentures, $136.5 million of advanced development loan and $13.2 million of equipment loans and leases. Detailed disclosure on the Company's debt including amounts owed, interest rates and security can be found in Notes 7 and 8 of the Consolidated Interim Financial Statements.

Off-Balance Sheet Arrangements

At June 30, 2026, the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as marketable securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price. The fair value of derivative instrument assets and liabilities are determined by the counterparties using standard valuation techniques for these derivative instruments.

The carrying value less impairment provision, if necessary, of trade and other receivables and trade and other payables are assumed to approximate their fair values.

IFRS 13 *Fair Value Measurement* requires disclosures about the inputs to fair value measurement, including their classifications within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The Company does not have any financial instruments measured at fair value through other comprehensive income (loss).

The fair value of the Company's financial instruments has been classified within the fair value hierarchy at June 30, 2026 as follows:

	Carrying value at amortized cost	Fair Value Through Profit or Loss			
		Level 1	Level 2	Level 3	Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Financial Assets					
Cash and cash equivalents	$86,941	$ -	$ -	$ -	$86,941
Trade and other receivables	8,903	-	18,960	-	27,863
Future site reclamation deposits	-	416	-	-	416
	95,844	416	18,960	-	115,220
Financial Liabilities					
Trade and other payables	(150,706)	-	(7,246)	-	(157,952)
Short term debt	(136,506)	-	-	-	(136,506)
Long term debt	(60,997)	-	-	-	(60,997)
	(348,209)	-	(7,246)	-	(355,455)
	$(252,365)	$416	$11,714	$ -	$(240,235)

RELATED PARTY TRANSACTIONS

Related party transactions with a joint venture, a significant shareholder, companies controlled by a significant shareholder, companies in which directors are owners, and with the Company's directors and officers are as follows:

Consolidated Statements of Financial Position

	June 30 2026	December 31 2025
	(000's)	(000's)
Assets		
Equipment rental trade receivables from Red Chris Joint Venture	$147	$74
Equity investments - AndeX Gold Inc.	$14,173	$ -
Liabilities		
Debentures	$36,995	$36,995
Advanced Development Loan	$136,506	$119,709
Interest accrued	$22,509	$16,687

Consolidated Statements of Income and Comprehensive Income

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
	(000's)	(000's)	(000's)	(000's)
Equipment rental and revenue from Red Chris Joint Venture	$210	$76	$425	$153
Credit facility arrangement guarantee fee	$468	$468	$930	$930
Interest expense	$3,981	$5,678	$7,671	$11,186
Interest expense capitalized	$(3,094)	$(2,033)	$(5,872)	$(3,924)
Loss on equity investments	$(36)	$ -	$(36)	$ -

The full amount of the $125.0 million of credit facility is guaranteed by a related party. The guarantee fee is payable monthly at a rate of 1.5% per annum.

The Company incurred the above transactions and balances in the normal course of operations.

Compensation of Directors and Key Management Personnel

The remuneration of the Company's directors and other key management personnel $0.5 million and $1.2 million for the three and six months ended June 30, 2026, respectively (three and six months ended June 30, 2025-$0.5 million and $1.1 million). The remuneration includes salaries, estimated bonuses payable within the year of the Statement of Financial Position date and other annual employee benefits.

CONTINGENT LIABILITIES

The Company is from time to time involved in various claims and legal proceedings arising in the conduct of its business. At the reporting date, none of such claims and legal proceedings are considered probable of resulting in a material loss or judgment against the Company.

On December 6, 2024, the Federal Crown preferred a direct indictment against the Company and others, including its subsidiary Mount Polley Mining Corporation. The indictment alleges 15 contraventions of the Fisheries Act from events that occurred more than 10 years ago arising from the alleged discharge of deleterious substances from the tailings storage facility at the Mount Polley Mine on August 4, 2014. Trial dates have been reserved commencing January 11, 2027. In the interim, interlocutory issues have been and continue to be argued before the court. Accordingly, the Company is unable to reasonably assess the potential outcomes of this indictment.

In April 2025, the Xatśūll First Nation ("Xatśūll") commenced a petition for judicial review seeking to set aside two decisions (the "Decisions") granted by the Ministry of Mining and Critical Minerals and the Minister of Environment and Parks pertaining to the Mount Polley Mine. Shortly afterward, Xatśūll filed an application seeking to stop work under those decisions until the judicial review is heard (collectively, the "Application"). On August 6, 2025, the Supreme Court of British Columbia released its oral decision to dismiss the Application on the basis that the Decisions were reasonable and correct and the consultation was adequate and conducted fairly. Xatśūll has appealed, but is no longer seeking injunctive relief. The appeal hearing has been scheduled to occur on October 22-23, 2026.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. At the end of the period covered by this MD&A, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this MD&A, the disclosure controls were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and disclosure controls and procedures. The Company's internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with IFRS Accounting Standards. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS Accounting Standards, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting at June 30, 2026. In making this assessment, management used the criteria set forth in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of June 30, 2026, the Company's internal control over financial reporting were effective.

As the Company holds 30% interest in the Red Chris mine since August 15, 2019, the Company's management has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies, and procedures of the Red Chris mine, in which the Company now holds a 30% beneficial interest and is proportionately consolidated in the Company's consolidated financial statements. As the minority partner in the Red Chris Joint Venture, the Company's management does not have the ability to dictate or modify controls at this entity and does not have the ability to assess, in practice, the controls at the entity. The Red Chris Joint Venture constitutes 60% of the Company's net assets, 58% of total assets and 51% of revenues of the consolidated financial statement amounts as of and for the six months ended June 30, 2026. The Red Chris Joint Venture is not a taxable entity as each joint venture participant calculates its own income taxes on its share of income from the joint venture. The Company's share of the Red Chris Joint Venture's pre-tax income totalled $63.0 million for the six months ended June 30, 2026.

Limitations

The Company's management believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well designed and operated, can only provide reasonable and not absolute assurance that the objectives of the control system are met. Therefore, even those systems determined effective cannot provide absolute assurance that all control issues and instances of fraud within the Company, if any, have been prevented or detected.

ADDITIONAL INFORMATION

Additional information about Imperial, including the Company's Financial Statements and Annual Information Form, are available on Imperial's profile at sedarplus.ca.

Imperial Metals Corporation
900-580 Hornby Street
Vancouver, BC V6C 3B6

imperialmetals.com

604.669.8959 | inquiries@imperialmetals.com