

NEWS RELEASE

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IMPERIAL REPORTS 2012 SECOND QUARTER FINANCIAL RESULTS

Vancouver, BC – August 7, 2012 – Imperial Metals Corporation (TSX:III) – Imperial reports comparative financial results for the three and six months ended June 30, 2012 and June 30, 2011 which are summarized below and discussed in detail in the Management’s Discussion and Analysis. The Company’s financial results are prepared in accordance with International Financial Reporting Standards (“IFRS”).

SELECTED FINANCIAL INFORMATION (unaudited) in thousands of CDN\$ except per share amounts	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2012	2011	2012	2011
Revenues	\$69,021	\$39,405	\$141,246	\$136,585
Income from mine operations	\$17,131	\$11,806	\$34,242	\$48,083
Net Income	\$11,966	\$8,035	\$16,565	\$27,788
Net Income Per Share	\$0.16	\$0.11	\$0.22	\$0.38
Adjusted Net Income ⁽¹⁾	\$10,535	\$5,354	\$18,740	\$18,349
Adjusted Net Income Per Share ⁽¹⁾	\$0.14	\$0.07	\$0.25	\$0.25
Cash Flow ⁽¹⁾	\$21,841	\$11,210	\$42,697	\$46,610
Cash Flow Per Share ⁽¹⁾	\$0.29	\$0.15	\$0.58	\$0.63

⁽¹⁾ Adjusted Net Income, Adjusted Net Income Per Share, 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 in Canada. Adjusted Net Income is defined as net income adjusted for certain items of a non-operational nature that pertain to future periods as described in further detail in the Management’s Discussion and Analysis under the heading Adjusted Net Income. Cash Flow is defined as cash flow from operations, excluding mining and income taxes and before net change in working capital balances. Adjusted Net Income and Cash Flow Per Share are the same measures divided by the weighted average number of common shares outstanding during the period. *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.*

Revenues were \$69.0 million in the June 2012 quarter compared to \$39.4 million in the 2011 quarter. The June 2012 quarter includes two concentrate shipments from the Mount Polley mine and two concentrate shipments from the Huckleberry mine, compared to one concentrate shipment from Mount Polley mine and one concentrate shipment from Huckleberry mine in the comparative 2011 quarter. Variations in quarterly revenue attributed to the timing of concentrate shipments can be expected in the normal course of business.

The Company recorded net income of \$12.0 million in the June 2012 quarter compared to net income of \$8.0 million in the 2011 quarter. Adjusted net income in the quarter was \$10.5 million or \$0.14 per share, versus \$5.4 million or \$0.07 per share in the June 2011 quarter. Adjusted net income is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from mark to market revaluation of copper and foreign exchange derivative instruments. Adjusted net income is not a term recognized under IFRS in Canada however, it does show the current period financial results excluding the effect of items not settling in the current period.

Gains on derivative instruments were \$2.1 million in the June 2012 quarter compared to gains of \$1.7 million in the June 2011 quarter including unrealized net gains on copper derivatives of \$1.9 million in the June 2012 quarter compared to \$3.7 million in the June 2011 quarter. The Company realized gains of \$0.2 million on copper derivatives in the June 2012 quarter compared to losses of \$2.0 million in the June 2011 quarter.

Cash flow increased to \$21.8 million in the three months ending June 30, 2012 from \$11.2 million in the comparative 2011 quarter. The \$10.6 million increase is primarily the result of improved income from mine operations resulting from higher sales volumes.

Capital expenditures increased to \$44.2 million from \$28.7 million in the comparative 2011 quarter. All expenditures in the June 2012 quarter were financed from cash flow from the Mount Polley and Huckleberry mines and from short term debt. At June 30, 2012 the Company had \$53.6 million in cash and short term investments.

During the June 2012 quarter the Company did not purchase any common shares for cancellation.

MOUNT POLLEY MINE OPERATIONS

PRODUCTION	SIX MONTHS ENDED JUNE 30	
	2012	2011
Ore milled (tonnes)	4,086,655	3,703,519
Ore milled per calendar day (tonnes)	22,454	20,461
Grade % - copper	0.272	0.277
Grade g/t - gold	0.296	0.271
Recovery % - copper	64.40	58.24
Recovery % - gold	64.40	61.91
Copper (lbs)	15,796,737	13,156,684
Gold (oz)	25,049	20,002
Silver (oz)	55,028	45,970

Throughput was up 10 % from the comparable period in 2011, and for the quarter averaged 23,758 tonnes per calendar day a record quarterly throughput. Increased throughput, improved copper and gold recoveries, and better gold grades resulted in increased copper and gold production of 20% and 25% respectively from the levels achieved in the first six months of 2011. Gold production for the second quarter was 13,703 ounces, a record since the restart of Mount Polley operations in 2005.

Metallurgical performance is slowly improving as the Springer phase 3 pit continues to move deeper, and in July copper recovery averaged 70%, a level not previously seen with Springer ores. Throughput continues to exceed plan averaging 22,454 tonnes per day for the first six months of 2012. Gold production also continues at good levels with over 4000 ounces being produced in July.

Two recently acquired Caterpillar 793 (240 tonne) haul trucks were put into operation in late June 2012. These larger trucks will enable the mine to more fully utilize the P&H 2300 shovel which was put into service earlier this year, and enabled Mount Polley to release five Caterpillar 777 (85 tonne) haul trucks to Red Chris for use in construction activities there.

MOUNT POLLEY EXPLORATION

Surface diamond drilling continues at Mount Polley with two exploration drill rigs onsite. The drilling program is testing for mineralization beneath and adjacent to the Springer pit. During the 2012 second quarter 9,405 metres of diamond drilling were completed in 19 drill holes. The two drills are still working at Springer and the exploration area has been expanded to include drilling beneath the Cariboo pit, immediately adjacent to Springer.

A field crew was mobilized in May to the North Block, approximately 4 kilometres north of the current mining area, to continue early stage exploration initiated in the 2010 field season. During the quarter, 38 line kilometres of grid was established with 475 soil samples collected. An additional 258 soil samples were collected in July to complete the grid. When all results are received from the lab, crews will investigate the areas that are geochemically anomalous.

HUCKLEBERRY MINE OPERATIONS

PRODUCTION	SIX MONTHS ENDED JUNE 30	
	2012	2011
[stated 100% : Imperial's allocation= 50%]		
Ore milled (tonnes)	2,917,000	2,900,100
Ore milled per calendar day (tonnes)	16,027	16,022
Grade (%) – copper	0.306	0.409
Recovery (%) – copper	89.8	90.6
Copper (lbs)	17,661,000	23,701,000
Gold (oz)	1,329	1,785
Silver (oz)	93,196	124,913
Molybdenum (lbs)	-	6,923

As expected, copper grade and recovery were lower in the first half of 2012 compared to the first six months of 2011, as the mine plan included a significant portion of mill feed from low grade stockpiles. Throughput for the period averaged 16,027 tonnes per day virtually the same as for 2011. Operations since March have been better than plan and have made up for the reduced production in January and February due to extremely heavy snowfalls.

Work on the construction of the new tailings facility continued; the main sediment control pond is now complete. The project was impacted by heavier than normal winter snowpack which delayed till placement, but stripping and rock placement is ahead of schedule. Till placement will be a priority for the remainder of the year, and the normally good weather in July and August should enable us to catch up in this area.

The financial results from Huckleberry continue to have a significant impact on Imperial's results. Imperial's share of Huckleberry's income from mine operations was \$3.8 million in the June 2012 quarter compared to \$4.9 million in the June 2011 quarter. Although Huckleberry had two shipments in the June 2012 quarter compared to one in the June 2011 quarter, Huckleberry's income from mine operations decreased due to lower metal prices in 2012 compared to 2011 and the impact of milling stockpile ore which is lower than average mine grade ore.

HUCKLEBERRY EXPLORATION

During the second quarter, Huckleberry completed a 1,752 metre drill program, comprising five holes directly adjacent to the Main Zone Optimization pit (MZO). Three holes approximately 200 metres each were drilled along the northwest margin of the MZO, and two deep holes (526 metres and 621 metres) were drilled at the eastern margin of the MZO to test for the down-dip continuation of mineralization associated with the Main Zone granodiorite stock towards the east (the "MZ Deep" target). Final assay results for these holes are pending. Results from the holes to the northwest of the MZO will be incorporated into the resource model for further assessment. Results from the deep drilling to the east of the MZO will be evaluated in conjunction with chargeability and resistivity models derived from a Titan-24 DC/IP/MT survey to determine future exploration potential of the MZ Deep target.

RED CHRIS

With the receipt of a Mines Act permit for the Red Chris project, work on the construction of the Red Chris mine commenced in May. Tahltan-Tercon Limited Partnership was contracted to complete the excavation of the plant site area to rough grade, this work began in May and is about 65% complete as of the end of July. We anticipate this work will be completed by the end of August. Work on the development of a borrow pit in the tailings storage area to produce concrete aggregates has started, and we are planning to pour some concrete for the process plant foundations this fall. A significant fleet of mine equipment, owned by Imperial, has been mobilized to Red Chris to be used to complete the earthworks required. Engineering is approximately 47% complete.

The work at Red Chris is being funded by cash flow from operations and the Bank of Montreal line of credit. Discussions with BC Hydro are underway regarding service from the Bob Quinn substation at the end of the new Northwest Transmission Line to the Red Chris mine. Work on the Northwest Transmission Line is underway and BC Hydro expects the facilities to be in service by Spring 2014.

Exploration drilling at Red Chris was suspended in May in anticipation of the start of mine construction. A total of 2,572 metres were drilled in the quarter to complete the five hole 2012 drilling program. Exploration crews were demobilized to make room in the camp for construction crews.

STERLING

Underground mining developed 835 feet of drift, principally on the 3292 and 3260 levels of the 144 zone ore body during the 2012 second quarter. The main access on each level is being driven, as well as drifts that cross-cut the ore body. This development work, in ore, is necessary prior to initiating bulk tonnage production mining blasts on these levels.

Underground exploration drilling is being conducted by Sterling personnel, utilizing a core drill, and is looking for possible mineralization to the south and west of ore currently modeled.

The raise-bored ventilation/secondary escape way raise was completed during the quarter. Following the excavation, the 8 foot diameter raise was shotcreted by a subcontractor utilizing a remote shotcrete unit. Installation of a new main ventilation fan, salvaged from the old Sterling mining operation and rebuilt, will be completed during the third quarter. An emergency escape hoist and vessel have been ordered. Delivery is expected late third quarter, or early fourth quarter. This new ventilation raise will dramatically improve air flow to the working areas, and provide a secondary means of escape in the event of a mine emergency.

PRODUCTION	SIX MONTHS ENDED JUNE 30
	2012
Ore Stacked (tons)	49,822
Grade (oz/t) – gold	0.082
Gold (oz) – in-heap	4,109
Gold (oz) – in-process & poured	1,205
Gold shipped (oz)	-

Loading of the mine leach pad continued during the quarter. Material stockpiled from previous development work within the 144 zone ore body has been re-located onto the pad, as well as regular haulage of currently mined ore from development activities. By quarter end, over 49,000 tons containing approximately 4,100 ounces were loaded onto the leach pads, the average grade of this material was 0.082 oz/ton. In June, 5,400 tons grading 0.155 oz/ton was added to the heap. Leaching of

ore placed upon the pad commenced during the quarter and pregnant solution was processed through the newly completed carbon adsorption plant. Construction of a gold smelting facility was completed and the first gold doré was poured.

RUDDOCK CREEK

At Ruddock Creek the access road was plowed out and the camp was reactivated following the winter shutdown. Surface diamond drilling on the Creek zone commenced in late June 2012 with one drill. A total of 4,000 metres of drilling is planned. The current \$6.0 million exploration program is funded by Mitsui Mining and Smelting Co. Ltd. and Itochu Corporation. At the end of the program, Mitsui and Itochu will have earned a 50% interest in the Ruddock Creek property.

OUTLOOK

Sterling's first doré shipment of just over 1,000 ounces was made in late July. The doré produced was approximately 92% gold. Stopping operations should begin in September, and once this activity begins the monthly tonnage of material delivered to the heap should increase.

Production from Mount Polley and Imperial's 50% share of Huckleberry for the six months of 2012 totalled 24,626,737 pounds copper, 25,714 ounces gold, and 101,626 ounces silver, which is respectively 97.5%, 107.1% and 127% of the planned production. We expect to meet the production target of 50.5 million pounds of copper by year end, and exceed our target of 48,000 ounces of gold, with Mount Polley exceeding budget and the addition of Sterling production in the second half production.

Increased gold and copper production at Mount Polley for the first half of the year, compared to last year has more than offset the drop in prices and cash flow from Mount Polley for the year to date was \$35.7 million compared to \$23.7 million for the same period last year. Cash flow for the remainder of the year should benefit from Sterling mine gold production now that gold production has begun there.

Rough excavation for the plant site at Red Chris is well underway, and is expected to be complete by mid August. A 200 person construction camp is operational, and a borrow pit for the production of concrete aggregates is being developed in the tailings storage impoundment area. Tender documents have been issued for the concrete work required at Red Chris, and plans begin for placing concrete for the concentrator foundations this Fall. Engineering work is now about 47% complete. A significant fleet of mining equipment owned by Imperial including, five Caterpillar 777 haul trucks, a 992 Caterpillar Front-end Loader, two D10 Bulldozers, has been mobilized to site for use in construction activities.

Funding for the construction of a new tailing storage facility and additional mining equipment required for the implementation of the Main Zone Optimization pit at Huckleberry, will be from funds that Huckleberry has on hand. Funding of the Red Chris development to date has been from Mount Polley cash flow and the Company's line of credit. We expect this to continue into early 2013. The Company continues to evaluate financing options for the development of the Red Chris project, and plans to obtain additional funding for the project by the 2012 fourth quarter.

DETAILED FINANCIAL INFORMATION IS PROVIDED IN THE COMPANY'S MANAGEMENT'S DISCUSSION & ANALYSIS CONTAINED IN THE SECOND QUARTER REPORT AVAILABLE ON WWW.SEDAR.COM AND WWW.IMPERIALMETALS.COM

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CAUTIONARY NOTE REGARDING "FORWARD-LOOKING INFORMATION":

THIS INFORMATION IS A REVIEW OF THE COMPANY'S OPERATIONS AND FINANCIAL POSITION AS AT AND FOR THE PERIOD ENDED JUNE 30, 2012, AND PLANS FOR THE FUTURE BASED ON FACTS AND CIRCUMSTANCES AS OF AUGUST 2, 2012. EXCEPT FOR STATEMENTS OF HISTORICAL FACT RELATING TO THE COMPANY, INCLUDING OUR 50% INTEREST IN HUCKLEBERRY, CERTAIN INFORMATION CONTAINED HEREIN CONSTITUTES FORWARD-LOOKING STATEMENTS.

WHEN WE DISCUSS MINE PLANS; COSTS AND TIMING OF CURRENT AND PROPOSED EXPLORATION; DEVELOPMENT; PRODUCTION AND MARKETING; CAPITAL EXPENDITURES; THE CONSTRUCTION OF THE NORTHWEST TRANSMISSION LINE; CASH FLOW; WORKING CAPITAL REQUIREMENTS; AND THE REQUIREMENT FOR ADDITIONAL CAPITAL; OPERATIONS; REVENUE; MARGINS AND EARNINGS; FUTURE PRICES OF COPPER AND GOLD; FUTURE FOREIGN CURRENCY EXCHANGE RATES; FUTURE ACCOUNTING CHANGES; FUTURE PRICES FOR MARKETABLE SECURITIES; FUTURE RESOLUTION OF CONTINGENT LIABILITIES; RECEIPT OF PERMITS; OR OTHER THINGS THAT HAVE NOT YET HAPPENED IN THIS REVIEW WE ARE MAKING STATEMENTS CONSIDERED TO BE *FORWARD-LOOKING INFORMATION* OR *FORWARD-LOOKING STATEMENTS* UNDER CANADIAN AND UNITED STATES SECURITIES LAWS. WE REFER TO THEM IN THIS NEWS RELEASE AS *FORWARD-LOOKING INFORMATION*.

THE FORWARD-LOOKING INFORMATION IN THIS NEW RELEASE TYPICALLY INCLUDES WORDS AND PHRASES ABOUT THE FUTURE, SUCH AS: *PLAN, EXPECT, FORECAST, INTEND, ANTICIPATE, ESTIMATE, BUDGET, SCHEDULED, BELIEVE, MAY, COULD, WOULD, MIGHT, WILL*. WE CAN GIVE NO ASSURANCE THAT THE FORWARD-LOOKING INFORMATION WILL PROVE TO BE ACCURATE. IT IS BASED ON A NUMBER OF ASSUMPTIONS MANAGEMENT BELIEVES TO BE REASONABLE, INCLUDING BUT NOT LIMITED TO: THE CONTINUED OPERATION OF THE COMPANY'S MINING OPERATIONS, NO MATERIAL ADVERSE CHANGE IN THE MARKET PRICE OF COMMODITIES AND EXCHANGE RATES, THAT THE MINING OPERATIONS WILL OPERATE AND THE MINING PROJECTS WILL BE COMPLETED IN ACCORDANCE WITH THEIR ESTIMATES AND ACHIEVE STATED PRODUCTION OUTCOMES, VOLATILITY IN THE COMPANY'S SHARE PRICE AND SUCH OTHER ASSUMPTIONS AND FACTORS AS SET OUT HEREIN.

IT IS ALSO SUBJECT TO RISKS ASSOCIATED WITH OUR BUSINESS, INCLUDING BUT NOT LIMITED TO: RISKS INHERENT IN THE MINING AND METALS BUSINESS; COMMODITY PRICE FLUCTUATIONS AND HEDGING; COMPETITION FOR MINING PROPERTIES; SALE OF PRODUCTS AND FUTURE MARKET ACCESS; MINERAL RESERVES AND RECOVERY ESTIMATES; CURRENCY FLUCTUATIONS; INTEREST RATE RISK; FINANCING RISK; ENVIRONMENTAL RISK; FOREIGN ACTIVITIES; LEGAL PROCEEDINGS; AND OTHER RISKS THAT ARE SET OUT IN OUR ANNUAL INFORMATION FORM AND BELOW.

IF OUR ASSUMPTIONS PROVE TO BE INCORRECT OR RISKS MATERIALIZE, OUR ACTUAL RESULTS AND EVENTS MAY VARY MATERIALLY FROM WHAT WE CURRENTLY EXPECT AS SET OUT IN THIS REVIEW. WE RECOMMEND YOU REVIEW THE COMPANY'S MANAGEMENT'S DISCUSSION & ANALYSIS IN THE QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2012 AND THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2011, WHICH INCLUDES A DISCUSSION OF MATERIAL RISKS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM OUR CURRENT EXPECTATIONS. FORWARD-LOOKING INFORMATION IS DESIGNED TO HELP YOU UNDERSTAND MANAGEMENT'S CURRENT VIEWS OF OUR NEAR AND LONGER TERM PROSPECTS, AND IT MAY NOT BE APPROPRIATE FOR OTHER PURPOSES. WE WILL NOT NECESSARILY UPDATE THIS INFORMATION UNLESS WE ARE REQUIRED TO BY SECURITIES LAWS.