Imperial Metals

Press Release

Imperial Reports 2013 Second Quarter Financial Results

Vancouver – **August 14, 2013 | Imperial Metals Corporation (III-TSX)** – reports comparative financial results for the three and six months ended June 30, 2013 and June 30, 2012, summarized in the table 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").

In thousands of CDN$ except per share amounts	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
Revenues	$41,317	$50,883	$92,183	$111,144
Income from mine operations	$13,272	$13,287	$26,818	$27,069
Equity income in Huckleberry	$2,279	$3,524	$4,213	$3,249
Net Income	$7,541	$11,966	$18,162	$16,565
Net Income Per Share	$0.10	$0.16	$0.24	$0.22
Adjusted Net Income (1)	$5,968	$10,535	$16,185	$18,740
Adjusted Net Income Per Share (1)	$0.08	$0.14	$0.22	$0.25
Cash Flow (1)	$16,036	$15,825	$32,487	$33,720
Cash Flow Per Share (1)	$0.22	$0.21	$0.44	$0.45

(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 and before net change in working capital balances, income and mining taxes paid, and interest paid. 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.*

The Sterling mine recommenced operations on July 2012 and reached commercial production in March 2013. In accordance with the Company's accounting policy, all revenue and related operating costs prior to commercial production are applied to the carrying value of the Sterling mineral property. In the six months ended June 30, 2013 a total of 1,900 ounces gold were sold and the sale proceeds applied to the carrying value of the mineral property.

Revenues were $41.3 million in the June 2013 quarter compared to $50.9 million in the 2012 quarter primarily due to lower copper and gold prices and related negative revenue valuations.

The Company recorded net income of $7.5 million in the June 2013 quarter compared to net income of $12.0 million in the 2012 quarter. Adjusted net income in the quarter was $6.0 million or $0.08 per share, versus $10.5 million or $0.14 per share in the June 2012 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 measure recognized under IFRS in Canada. It is intended to show the current period financial results excluding the effect of items not settling in the current period.

The Company recorded $1.1 million gains on copper derivatives in the June 2013 quarter compared to gains of $0.8 million in the comparative quarter. The Company had no realized losses or gains on copper derivatives in the June 2013 quarter compared to realized gains of $0.2 million in the June 2012 quarter.

Cash flow increased to $16.0 million in the three months ended June 30, 2013 from $15.8 million in the comparative quarter.

Capital expenditures increased to $83.2 million from $34.6 million in the comparative 2012 quarter. Expenditures were financed from cash flow from the Mount Polley mine, short term debt and non-current debt of $15.2 million for equipment financed in the current quarter. At June 30, 2013 the Company had $6.3 million in cash.

During the June 2013 quarter the Company did not purchase any common shares for cancellation.

INCREASE IN LINE OF CREDIT FACILITY

On June 6, 2013 the Company entered into a line of credit facility ("LOC") with Edco Capital Corporation, a company controlled by Mr. Edwards. The LOC has been increased from a maximum of $75 million to a maximum of $130 million. A commitment fee of $275,000 is payable in respect of the increase in the LOC. All others terms and conditions of the LOC remain unchanged. The LOC is available for drawdown until September 30, 2013. It bears interest at 7% per annum and is repayable the earlier of the completion of a debt financing or October 1, 2014. Payments pursuant to the LOC constitute a related party transaction within the meaning of *Multilateral Instrument 61-101*. Management considers the LOC to be advantageous as it provides additional timing and flexibility for arranging senior financing for the Red Chris project. Management also considers the LOC terms and conditions are reasonable, in the context of the market. The LOC was reviewed and approved by the independent members of the Company's Board of Directors. The LOC is exempt from the formal valuation and minority interest approval requirements of *Multilateral Instrument 61-101* as it represents less than 25% of the Company's market capitalization. The material change report in relation to this transaction will be filed less than 21 days before closing as the Company completed this transaction on August 12, 2013 as all necessary approvals had been received and the Company wished to complete the transaction as soon as commercially feasible after such approvals were obtained.

MOUNT POLLEY MINE OPERATIONS

PRODUCTION	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2013	2012	2013	2012
Ore milled (tonnes)	2,007,735	2,161,954	3,977,644	4,086,655
Ore milled per calendar day (tonnes)	22,063	23,758	21,976	22,454
Grade % - copper	0.306	0.276	0.287	0.272
Grade g/t - gold	0.271	0.306	0.263	0.296
Recovery % - copper	74.06	63.35	72.54	64.40
Recovery % - gold	68.32	65.22	66.12	64.40
Copper (lbs)	10,035,328	8,341,391	18,242,816	15,796,737
Gold (oz)	11,932	13,703	22,244	25,049
Silver (oz)	33,162	30,196	61,866	55,028

Quarterly copper production was 10,035,328 pounds, up by 20% from the comparable quarter in 2012. The increase in copper production is the result of the higher copper grade and better recovery more than offsetting the slightly lower throughput. Gold production for the quarter was down 13% due to lower gold grade ore being treated.

Copper recovery in July 2013 was 80%, the highest yet achieved from Springer pit ore.

Work on the test stope at the Boundary zone is continuing with 156 metres of ramp and cross cut completed in the quarter and the commencement of excavation of a 200 metre raise to provide increased ventilation and a secondary escape way.

HUCKLEBERRY MINE OPERATIONS

PRODUCTION	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
[stated 100% - Imperial's allocation= 50%]	2013	2012	2013	2012
Ore milled (tonnes)	1,538,687	1,470,600	3,019,356	2,917,000
Ore milled per calendar day (tonnes)	16,909	16,160	16,682	16,027
Grade (%) – copper	0.343	0.320	0.335	0.306
Recovery (%) – copper	91.8	90.5	91.3	89.8
Copper (lbs)	10,681,105	9,391,000	20,361,072	17,661,000
Gold (oz)	791	686	1,501	1,329
Silver (oz)	60,444	51,130	118,316	93,196

Throughput for the second quarter 2013 averaged 16,909 tonnes per calendar day up from the 16,160 tonnes achieved in the second quarter 2012. Copper production was up over 13% on higher grades, throughput and recovery. During the second quarter virtually all of the ore delivered to the mill came from the 954 to 946 benches within the MZX pit. Stripping of the tailings and waste from the old Main zone pit constituted the bulk of the waste mining.

The new tailings storage facility (TMF-3) construction continued with good progress on the starter and saddle dams, as well as the piping, pumping and cycloning infrastructure required to operate the TMF3.

Huckleberry received approval from the Chief Inspector of Mines in July to operate the TMF-3. This facility and the new cyclone sand plant are expected to be in operation by the end of August 2013.

HUCKLEBERRY EXPLORATION

A 2013 diamond drill program of approximately 3,500 metres over nine holes is planned to expand several targets within the mine site area outlined by 2011 and 2012 drilling. In addition, Huckleberry will complete a soil sampling program within the nearby North Huckleberry claims to test for new geophysical or drill targets. Huckleberry's exploration program commenced in July 2013.

RED CHRIS CONSTRUCTION UPDATE

Red Chris mine development is proceeding with 91% of the engineering complete as of June 30, 2013. Start of commissioning is scheduled for May 2014.

The 287 kV Northwest Transmission Line (NTL) from Skeena substation to Bob Quinn is under construction by BC Hydro with a planned completion date of May 2014. A subsidiary of Imperial will construct the 93 kilometre extension (Iskut Extension) from Bob Quinn to Tatogga. Work on construction of access roads and right of way clearing for the Iskut Extension began in July after the required permits were issued by the Province of British Columbia. The clearing and access road work had originally been scheduled to start in the spring of 2013. More work will be done during winter months to compensate for the delay. This additional winter work will be required to meet the scheduled start of commissioning and will likely put pressure on our budget for this item.

Site work continued through spring 2013. Work items in the second quarter 2013 included:

- Construction of power line structure accesses on the 18 kilometre route from Tatogga to the mine site
- Preparation of the primary crusher, MSE wall and transfer tower foundations
- Installation 6,751 m3 of concrete to date into the process building foundations, grade beams, mill piers and raft slab
- Construction of crane pads around the process building for steel erection starting in July
- Installation of a water diversion and sediment control structures around the Tailings Impoundment Area (TIA)
- Construction of foundation drains for the TIA North Starter Dam

The crews have worked 599,881 personnel hours with 66 first aids, 7 medical aids and 0 lost time accidents. Construction camp occupancy reached 325 in June.

The first concrete pour in 2013 was on March 24. Concrete pours are planned to mid-November 2013. The process plant building structural steel erection started in early July with completion planned by October 31. The primary crusher, MSE wall, overland conveyor and coarse ore reclaim tunnel are to be installed this year. Construction has begun on the site electrical substation.

The North Starter Dam earthworks are ongoing in the TIA utilizing a combination of equipment owned by Red Chris with support from the Tahltan Nation Development Corporation and other contractors. The mining fleet Caterpillar 793 trucks (4) and 994 loader arrived on site for assembly over the summer.

The work at Red Chris to date has been funded by cash flow from operations, equipment financed by non-current debt, the Company's line of credit and a new $75.0 million line of credit facility with a significant shareholder. This line of credit facility was increased to $130.0 million after June 30, 2013. Total expenditures and commitments at Red Chris mine development were $316.1 million at quarter end of which $171.6 million has been paid.

RED CHRIS EXPLORATION

Exploration at Red Chris has been temporarily suspended while the Company completes the development of the Red Chris mine.

STERLING MINE

PRODUCTION	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2013	2012	2013	2012
Ore Stacked – tons	47,112	49,822	76,800	49,822
Gold Grade – oz/ton	0.081	0.082	0.078	0.082
Gold ounces – added to heap	3,826	4,109	5,964	4,109
Gold ounces – in-process & poured	3,147	1,194	3,916	1,194
Gold shipped – ounces	2,205	817	2,974	817

Stoping operations from the 3292, 3260 and 3220 levels produced 41,884 tons of ore. Development work, both drifting and raising produced 5228 tons of ore and 2525 tons of waste. Development work included completion of a ventilation raise from 3260 to 3220 levels, an ore-pass from 3220 to the 3180 levels and the associated access drifts.

In the second quarter 2013 a total of 47,112 tons of ore, containing 3,826 ounces of gold, were stacked onto the leach pad at an average grade of 0.081 ounces per ton.

RUDDOCK CREEK

The Ruddock Creek Joint Venture is owned by Imperial (50%), Mitsui Mining and Smelting Co. Ltd. (30%) and Itochu Corporation (20%). The Ruddock Creek zinc/lead property is located 155 kilometres northeast of Kamloops in the Scrip Range of the Monashee Mountains in southeast British Columbia.

The Joint Venture is currently completing the 2013 program which will include site infrastructure studies and metallurgical testing of dense media separation, flotation, acid base accounting, paste backfill, humidity cell testing. The metallurgical work, which is well underway, will include the collecting and testing of the Upper E, Lower E, Creek and V zones separately. Also continuing is the collection of baseline environmental and geotechnical information, including trenching and geotechnical core drilling, for future permitting and engineering studies. New higher capacity water control structures for underground discharge are being constructed for future programs.

OUTLOOK

With production from Mount Polley, Sterling and our 50% share of Huckleberry production totalling 28.4 million pounds copper, 26,910 ounces gold and 123,023 ounces silver during the first six months of 2013, production for the year should be close to our guidance of 58.5 million pounds of copper, 54,600 ounces of gold and 195,000 ounces of silver.

Sterling production is expected to increase as the monthly tonnage delivered the heap leach pad increased from 12,198 tons in April to 17,718 tons in June. In July 19,519 tons were stacked on the heap. The gold grade is also expected to increase in the second quarter as mining operations move into the core of the 144 zone.

At Huckleberry mine the TMF-3 should be in service in August. Operations will focus on removal of waste and tailings from the old Main zone pit, so the MZO pit will be ready to supply mill feed in 2014.

Virtually all Mount Polley ore for the rest of the year will come from the Springer pit, but ongoing stripping of the old Cariboo pit is beginning to release some ore.

Information Related to this Press Release

Detailed financial information is provided in the Management's Discussion & Analysis within the 2013 Second Quarter Report available on *www.imperialmetals.com* and on *www.sedar.com*.

About Imperial

Imperial is an exploration, mine development and operating company based in Vancouver, British Columbia. The Company operates the Mount Polley copper/gold mine in British Columbia and the Sterling gold mine in Nevada. Imperial has 50% interest in the Huckleberry copper/molybdenum mine and has 50% interest in the Ruddock Creek lead/zinc property, both in British Columbia. The Company is in development of its wholly owned Red Chris copper/gold property in British Columbia.

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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, 2013, and plans for the future based on facts and circumstances as of August 14, 2013. Except for statements of historical fact relating to the Company, including our 50% interest in Huckleberry, certain information contained herein constitutes forward-looking information. When we discuss mine plans; costs and timing of current and proposed exploration; development; production and marketing; capital expenditures; construction of transmission lines; 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 matters that have not yet occurred, we are making statements considered to be *forward-looking information* or *forward-looking statements* under Canadian and United States Securities Law. We refer to them in this press release as *forward-looking information.*

The forward-looking information in this press release may include words and phrases about the future, such as: *plan, expect, forecast, intend, anticipate, estimate, budget, scheduled, believe, may, could, would, might or will.* We can give no assurance 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 or 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 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 risks; financing risks; regulatory and permitting risks; environmental risks; joint venture risks; foreign activity risks; legal proceedings; and other risks that are set out in the Company's Management's Discussion & Analysis in the 2012 Annual Report. If our assumptions prove to be incorrect or risks materialize, our actual results and events may vary materially from what we currently expect as provided in this press release. We recommend you review the Company's Management's Discussion & Analysis in the 2012 Annual Report, which includes 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.