



**Imperial Metals Corporation**

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**NOTICE OF ANNUAL AND SPECIAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting (the “Meeting”) of the shareholders of **IMPERIAL METALS CORPORATION** (the “Company”) will be held at the offices of Fasken Martineau DuMoulin LLP, Suite 2900 - 550 Burrard Street, Vancouver, British Columbia, on Wednesday, May 19, 2010, at 2:00 p.m. (Pacific Time) for the following purposes:

1. To receive audited Consolidated Financial Statements of the Company for the year ended December 31, 2009, together with the Auditors’ Report thereon;
2. To set the number of directors of the Company at five;
3. To elect directors;
4. To appoint auditors;
5. To consider, and if deemed advisable, to pass a resolution approving the Amended and Restated Stock Option Plan (2007) of the Company as described in the accompanying Information Circular; and
6. To transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to and expressly made a part of this Notice of Meeting. A copy of the Amended and Restated Stock Option Plan (2007) will be available at the Meeting and is available for inspection by shareholders at the Company’s registered and records office at Suite 200, 580 Hornby Street, Vancouver, British Columbia, Canada V6C 3B6 during statutory business hours prior to the Meeting.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete the accompanying form of proxy in accordance with the instructions set out in the proxy and in the Information Circular accompanying this Notice.

DATED at Vancouver, British Columbia, this 14th day of April, 2010

**BY ORDER OF THE BOARD**

(signed) “*J. Brian Kynoch*”

J. Brian Kynoch, President



IMPERIAL METALS CORPORATION  
200 – 580 Hornby Street, Vancouver, BC V6C 3B6

**INFORMATION CIRCULAR**

As at April 14, 2010

**INTRODUCTION**

This Information Circular accompanies the Notice of Annual and Special Meeting (the “Meeting”) of the shareholders of Imperial Metals Corporation (the “Company”) to be held on Wednesday, May 19, 2010 at the time and place set out in the accompanying Notice of Meeting. **This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting and at any adjournment of the Meeting.**

**PROXIES AND VOTING RIGHTS**

**Management Solicitation and Appointment of Proxies**

*Registered Shareholders*

The persons named in the accompanying form of proxy are nominees of the Company’s management. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for and on the shareholder’s behalf at the Meeting other than the persons designated as proxyholders in the accompanying form of proxy. To exercise this right, the shareholder must either:**

- (a) **on the accompanying form of proxy, insert the name of the shareholder’s nominee in the blank space provided; or**
- (b) **complete another proper form of proxy.**

To be valid, a proxy must be signed by the shareholder or his or her legal personal representative. In the case of a corporation, the proxy must be signed by a duly authorized representative of the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be received by Computershare Investor Services Inc., Attention: Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by 2:00 p.m. (Pacific time) on Monday, May 17, 2010 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened after any adjournment of the Meeting.

*Non-Registered Shareholders*

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only proxies from shareholders of record can be recognized and voted at the Meeting.**

If common shares of the Company are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in such shareholder’s name on the records of the Company. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited), which company acts as nominee for many Canadian brokerage firms. Common shares so held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (the “Meeting Materials”) to the clearing agencies and intermediaries for onward distribution to Beneficial Shareholders with a request for voting instructions. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings unless the Beneficial Shareholders have waived the right to receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often the request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, it is not a valid proxy; rather it is to be used as a means of instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Very often, intermediaries will use service companies to forward the Meeting Materials to Beneficial Shareholders. Generally, Beneficial Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Shareholder but which is otherwise not completed. Because the intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Shareholder when submitting the proxy. In this case, the Beneficial Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and deliver it to **Computershare Investor Services Inc.** as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the intermediary**, and which, when properly completed and signed by the Beneficial Shareholder and returned to the intermediary or its service company, will constitute voting instructions (often called a “proxy authorization form”) which the intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Beneficial Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the intermediary or its service company in accordance with the instructions of the intermediary or its service company.

The majority of brokers now delegate responsibility for obtaining voting instructions from Beneficial Shareholders to Broadridge Financial Solutions Inc. (“Broadridge”). Broadridge typically supplies a special sticker to be attached to the proxy forms and asks Beneficial Shareholders to return the completed proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving such a proxy from Broadridge cannot use that proxy to vote shares directly at the Meeting – the proxy must be returned to Broadridge well in advance of the Meeting in order to instruct Broadridge how to vote the shares.**

In either case, the purpose of these procedures is to permit Beneficial Shareholders to direct the voting of the shares of the Company which they beneficially own. **Should a Beneficial Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Beneficial Shareholder), the Beneficial Shareholder should insert the name of the Beneficial Shareholder (or such other person voting on behalf of the Beneficial Shareholder) in the blank space provided or follow such other instructions as may be provided by their brokers/nominees. In either case, Beneficial Shareholders should carefully follow the instructions of their intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

In addition, there are two kinds of Beneficial Shareholders - those who object to their names being made known to the issuers of securities which they own called Objecting Beneficial Owners (“OBOs”) and those who do not object to the issuers of the securities they own knowing who they are called Non-Objecting Beneficial Owners (“NOBOs”).

The Company has decided to take advantage of those provisions of National Instrument 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities legislation from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, the Company has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (VIF) from our transfer agent, Computershare Investor Services Inc. (“Computershare”). These VIFs are to be completed and returned to Computershare in the envelope provided. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contains complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

All references to shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

### **Revocation of Proxies**

A shareholder who has given a proxy may revoke it at any time before the proxy is exercised:

- a) by an instrument in writing that is:
  - (i) signed by the shareholder (or his or her legal personal representative) or, where the shareholder is a corporation, a duly authorized representative of the corporation; and
  - (ii) delivered to the registered office of the Company at Suite 200, 580 Hornby Street, Vancouver, British Columbia, V6C 3B6 at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, or delivered to the Chair of the Meeting on the day of the Meeting or any adjournment of the Meeting before any vote on a matter in respect of which the proxy is to be used has been taken; or
- b) in any other manner provided by law.

A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **Voting of Shares and Proxies and Exercise of Discretion by Proxyholders**

#### ***Voting By Show of Hands***

Voting at the Meeting generally will be by a show of hands, with every person present who is a shareholder or proxyholder and entitled to vote on the matter entitled to one vote.

#### ***Voting By Poll***

Voting at the Meeting will be by poll only if a poll is:

- (a) requested by a shareholder present at the Meeting in person or by proxy;
- (b) directed by the Chair; or
- (c) required by law because the number of shares represented by proxy that are to be voted against the motion is greater than 5% of the Company’s issued and outstanding shares.

On a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

### ***Approval of Resolutions***

To approve a motion for an ordinary resolution, a simple majority of the votes cast in person or by proxy will be required; to approve a motion for a special resolution, a majority of not less than 2/3 of the votes cast in person or by proxy will be required.

### ***Voting of Proxies and Exercise of Discretion By Proxyholders***

A shareholder may indicate the manner in which the persons named in the accompanying form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy on any ballot that may be called for.**

**If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the accompanying form of proxy. It is intended that the proxyholder named by management in the accompanying form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Company's Board of Directors (the "Board of Directors") for directors and auditor.**

The accompanying form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the accompanying Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Information Circular, management of the Company is not aware of any such amendments or variations, or any other matters, that will be presented for action at the Meeting other than those referred to in the accompanying Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the accompanying form of proxy intend to vote on them in accordance with their best judgment.

### **Solicitation of Proxies**

It is expected that solicitations of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by directors, officers and employees of the Company without special compensation. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the costs incurred in obtaining authorization to execute forms of proxy from their principals. The costs of solicitation will be borne by the Company.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

Only shareholders of the Company who are listed on its register of shareholders on the record date of April 14, 2010 are entitled to receive notice of and to attend and vote at the Meeting or any adjournment of the Meeting (see "Voting of Shares and Proxies and Exercise of Discretion by Proxyholders" above).

As of April 14, 2010, the Company had 36,033,359 common shares issued and outstanding.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Company other than as set out below:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares</u>
Mr. N. Murray Edwards, and Edco Financial Holdings Ltd. and Edco Capital Corporation, companies controlled by Mr. Edwards	13,509,241	37.49%
Fairholme Capital Management, LLC	5,869,883	16.29%

## ELECTION OF DIRECTORS

The board of directors of the Company currently consists of five directors and it is proposed to fix the number of directors at five and to elect five directors for the ensuing year.

The Company's Board of Directors proposes to nominate the persons named in the table below for election as directors of the Company. Each director elected will hold office until the next annual general meeting of the Company or until his or her successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the *Business Corporations Act* (British Columbia).

The following table sets out the names of management's nominees for election as directors, the place in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time during which each has been a director of the Company, and the number of common shares of the Company beneficially owned by each of them, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular.

<b><u>Name, Place of Residence And Position with Company</u><sup>1</sup></b>	<b><u>Principal Occupation</u><sup>1</sup></b>	<b><u>Director Since</u></b>	<b><u>Shares Owned</u><sup>1</sup></b>
Pierre Lebel <sup>2/3/4</sup> British Columbia, Canada <i>Director and Chairman</i>	Chairman of the Board of the Company.	December 6, 2001	53,562
J. Brian Kynoch <sup>4</sup> British Columbia, Canada <i>Director and President</i>	President of the Company.	March 7, 2002	389,239
Larry G. Moeller <sup>2/3/4</sup> Alberta, Canada <i>Director</i>	President, Kimball Capital Corporation, a private company.	March 7, 2002	1,113,531
Theodore W. Muraro British Columbia, Canada <i>Director</i>	Consulting Geological Engineer	November 4, 2009	7,950
Edward A. Yurkowski <sup>2/3</sup> Alberta, Canada <i>Director</i>	President and Founder of Procon Mining and Tunnelling Ltd.	May 20, 2005	12,225

<sup>1</sup> The information as to the place of residence, principal occupation and shares beneficially owned, or controlled or directed, directly or indirectly, has been furnished by the respective directors individually.

<sup>2</sup> Member of the Audit Committee.

<sup>3</sup> Member of the Compensation Committee.

<sup>4</sup> Member of the Corporate Governance and Nominating Committee.

The Company does not have an Executive Committee.

The Company's Board of Directors does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying form of proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

### **Corporate Cease Trade Orders or Bankruptcies**

Messrs. Kynoch, Lebel and Moeller were directors of Imperial Metals Corporation (“Old Imperial”) in 2002 when it implemented a Plan of Arrangement under the *Company Act* (British Columbia) and under the *Companies’ Creditors Arrangement Act* (Canada) which resulted in the separation of the mining and oil and gas businesses carried on by Old Imperial. The reorganization created two public corporations, the Company and IEI Energy Inc., with the latter becoming Rider Resources Ltd. Rider Resources Ltd. was acquired by NuVista Energy Ltd. in March 2008.

Mr. Moeller was a director of Protective Products of America, Inc. when that corporation and its subsidiaries filed on January 13, 2010 voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Florida, Fort Lauderdale Division. On January 14, 2010, the shares of that corporation were suspended from trading on the Toronto Stock Exchange and were delisted on February 19, 2010 for failure to meet continued listing requirements.

Mr. Yurkowski was a director of Cross Lake Minerals Ltd. (“Cross Lake”) from July 28, 2008 to September 18, 2008. Mr. Kynoch served as a director of Cross Lake from March 5, 2004 until October 23, 2008. Cross Lake applied to the British Columbia Supreme Court and obtained a court order dated October 14, 2008 (the “Order”) granting Cross Lake creditor protection under the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”) to allow it to develop a reorganization plan with its creditors. On June 1, 2009, Cross Lake changed its name to 0373849 B.C. Ltd. and completed the restructuring transactions provided for in the amended and restated plan of compromise and arrangement filed by it on May 21, 2009 pursuant to the CCAA and the *Business Corporations Act* (British Columbia).

Other than as described above, during the ten years preceding the date of this Information Circular, no proposed director of the Company has, to the knowledge of the Company, been:

- (a) a director, chief executive officer or chief financial officer of any issuer that:
  - (i) was the subject of a cease trade or similar order or an order that denied such issuer access to any exemption under securities legislation that was in effect for a period of more than thirty consecutive days (an “Order”) while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to such an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer in the company that is the subject of the Order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) a director or executive officer of any issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

### **Individual Bankruptcies**

During the ten years preceding the date of this Information Circular, no proposed director of the Company has, to the knowledge of the Company, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **Penalties or Sanctions**

None of the proposed nominees for election as a director of the Company has been subject to any penalties or sanctions imposed by a court or regulatory body or entered into a settlement agreement with any securities regulatory authority since December 31, 2000.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Company's executive compensation program is administered by the Compensation Committee on behalf of the Board of Directors. The members of the Compensation Committee are all independent, non-management directors. The Compensation Committee is responsible for ensuring that the Company has in place an appropriate plan for executive compensation. The plan must be competitive and rewarding so as to attract, retain and motivate executives who will provide the leadership required to enhance the growth and profitability of the Company.

The Committee's overall policy for determining executive compensation is based on the following fundamental principles:

1. Management's fundamental objective is to maximize long term shareholder value;
2. Performance is the key determinant of pay for executive officers; and
3. The executive officers have clear management accountabilities.

Overall executive compensation is comprised of several components: base salary, annual incentives which relate to specific accomplishments during the year and which are paid in cash and long term equity-based incentives in the form of stock options. To date, no specific formulae have been developed to assign a specific weighting to each of these components. The Company's compensation philosophy is to foster entrepreneurship at all levels of the organization by making long term equity-based incentives, through the granting of stock options, a significant component of executive compensation assuming the Company's common share price achieves good long term performance. The Committee uses third party compensation data to help determine competitiveness. The Committee reviews each component of executive compensation and, in addition, reviews total compensation for overall competitiveness.

#### *Base Salary*

The Compensation Committee and the Board of Directors approve the salary ranges for all levels of the Company's employees. Comparative data is accumulated from a number of external sources. The policy for determining salary for executive officers is consistent with the administration of salaries for all other employees. Base salaries for executives are determined by assessment of sustained performance and consideration of competitive compensation levels for the markets in which the Company operates.

#### *Annual Incentives*

The Board of Directors approved a bonus plan that is meant to increase corporate performance, profitability and shareholder value. Under the plan, cash payments are made when predetermined operational and financial targets are met. In addition, the Compensation Committee factors into the bonus their assessment of each executive officer's respective contribution to this achievement. Determination as to whether a target has been met is ultimately made by the Board of Directors.

### Long Term Compensation and Option Grants

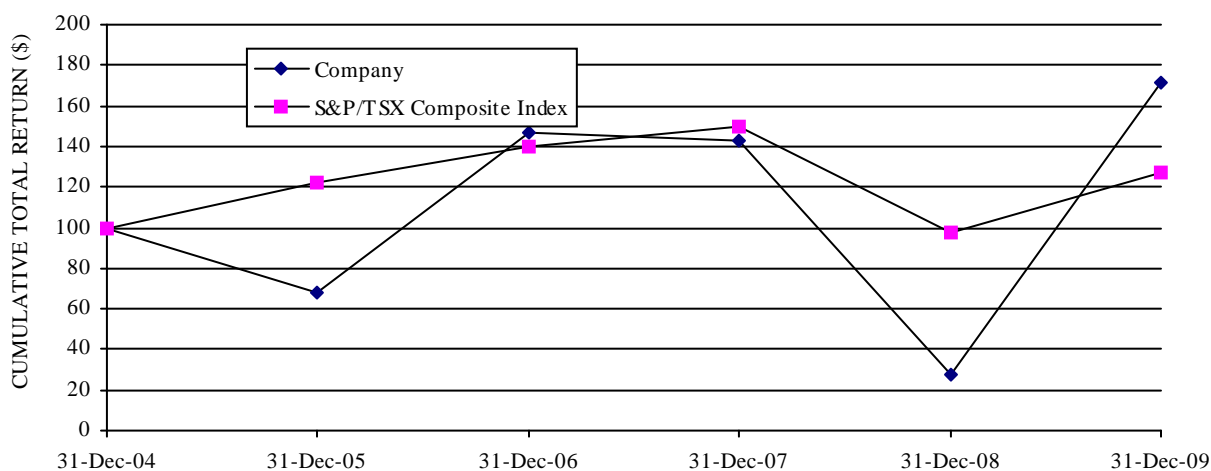
The Company has a broadly-based employee stock option plan. The plan is designed to encourage stock ownership and entrepreneurship on the part of all employees and, in particular, all executive officers. The plan aligns the interests of executive officers with shareholders by linking a significant component of executive compensation to the long term performance of the Company's common stock. Consideration is given to the amount and terms of outstanding options, SARs and shares and units subject to resale restrictions.

The President makes recommendations to the Compensation Committee regarding individual stock option based awards for all recipients. The Compensation Committee reviews the appropriateness of the stock option grant recommendations from the President for all eligible employees and accepts or adjusts these recommendations.

Options are granted from time to time and vest over a three or five year period.

### Performance Graph

The following graph compares the cumulative shareholder return on a \$100 investment in common shares of the Company to a similar investment in companies comprising the S&P/TSX Composite Index, including dividend reinvestment, for the period from December 31, 2004 to December 31, 2009.



	December 31, 2004	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009
Company	100.00	\$68.24	\$146.35	\$143.18	\$27.47	\$171.67
S&P/TSX Composite Index	100.00	\$121.74	\$139.41	\$149.40	\$97.07	\$126.86

## Summary Compensation Table

“Named Executive Officers” or “NEO” means the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of the Company and each of the Company’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose compensation was more than \$150,000. It also includes any individual who would have been one of the Company’s three most highly compensated executive officers except that individual was not serving as an executive officer at the end of the most recently completed financial year.

The following table summarizes the compensation earned for the fiscal year ended December 31, 2009 by each individual who during the fiscal 2009 served as Named Executive Officers.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		All other compensation (\$) <sup>(3)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(2)</sup>	Long-term incentive plans		
Brian Kynoch President	2009	213,150	Nil	15,243	134,691	Nil	10,500	373,584
	2008	205,000	Nil	563,088	70,000	Nil	9,500	847,588
Andre Deepwell Chief Financial Officer	2009	182,963	Nil	Nil	49,921	Nil	8,925	241,809
	2008	176,000	Nil	281,544	26,150	Nil	8,426	492,120
Don Parsons Vice President, Operations	2009	172,125	Nil	Nil	49,461	Nil	8,500	230,086
	2008	166,000	Nil	281,544	24,905	Nil	4,640	477,089
Patrick McAndless Vice President, Exploration	2009	154,788	Nil	Nil	41,837	Nil	7,625	204,450
	2008	151,000	Nil	281,544	19,672	Nil	7,383	459,599
Gordon Keevil <sup>(4)</sup> Vice President, Corporate Development	2009	12,000	Nil	583,505	38,354	Nil	Nil	633,859

(1) This column includes the option grants made by the Company to the Named Executive Officers. The Company uses the Black-Scholes option pricing model for determining fair value of stock options issued at grant date. The Company has chosen to use the Black-Scholes model because it is an accepted industry standard and is appropriate for the Company’s financial reporting requirements to security regulatory authorities.

(2) Amounts referred to in this column are the 2009 cash bonuses which are generally made by March following the completion of the financial year.

(3) Contributions by the Company to an Employee Share Purchase Plan or RRSP Plan.

(4) Gordon Keevil was appointed Vice President, Corporate Development on November 30, 2009.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each NEO, the incentive stock options (option-based awards) outstanding as at December 31, 2009.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Brian Kynoch	240,000	6.60	Aug 11, 2010	1,670,400
	100,000	8.82	Dec 31, 2018	94,800
	5,000	7.50	Sep 25, 2010	30,300
	1,333	24.00	Apr 13, 2011	Nil
	2,500	34.20	Jun 20, 2012	Nil
	4,167	6.60	Sep 26, 2013	29,002
Andre Deepwell	125,000	6.60	Aug 11, 2010	870,000
	50,000	8.82	Dec 31, 2018	47,400
Don Parsons	133,334	5.30	Dec 31, 2011	1,101,339
	50,000	8.82	Dec 31, 2018	47,400
Patrick McAndless	43,000	6.60	Aug 11, 2010	299,280
	50,000	8.82	Dec 31, 2018	47,400
Gordon Keevil	80,000	11.85	Dec 31, 2019	Nil
	11,667	7.50	Sep 25, 2010	70,702
	2,667	24.00	Apr 13, 2011	Nil
	5,833	34.20	Jun 20, 2012	Nil
	8,333	6.60	Sep 26, 2013	57,998

<sup>(1)</sup> Based on the difference between the option exercise price and the closing price of the Company's shares on the TSX at December 31, 2009, which was \$13.56.

### Value Vested or Earned During the Year

The following table shows the incentive plan award for each NEO for the year ending December 31, 2009.

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(2)</sup>
Brian Kynoch	Nil	134,691
Andre Deepwell	Nil	49,921
Don Parsons	281,306	49,461
Patrick McAndless	Nil	41,837
Gordon Keevil	Nil	38,354

<sup>(1)</sup> The amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the closing price of the Company's shares and the exercise price on such vesting date.

<sup>(2)</sup> Amounts referred to in this column are the 2009 cash bonuses which are generally made by March following the completion of the financial year.

### Termination and Change of Control Benefits

With the exception of Don Parsons and Gordon Keevil, there are no written employment agreements in place with any of the Named Executive Officers. There were no compensatory plans, contracts or arrangements where a Named Executive Officer is entitled to receive more than \$50,000 from the Company or its subsidiaries, including periodic payments or installments, in the event of (i) the resignation, retirement or any other termination of the Named Executive Officer's employment with the Company and its subsidiaries; (ii) a change of control of the Company or any of its subsidiaries; or (iii) a change in the Named Executive Officer's responsibilities following a change of control.

### Directors Compensation

Commencing July 1, 2008, the Company paid compensation comprised of cash and common shares to its non-management directors, being each director who is not an officer, employee or consultant of the Company.

Each non-management director is paid an annual retainer of \$40,000 payable in common shares of the Company plus a meeting fee of \$1,000 payable in cash for each board or committee meeting attended, subject to an aggregate maximum of \$1,000 per day in meeting fees regardless of the number of meetings attended.

On a quarterly basis, the number of common shares to be delivered to each non-management director of the Company is determined by dividing 25% of the annual retainer by the weighted average daily price of the common shares of the Company for the respective quarter.

Directors are also reimbursed for travel and out-of-pocket expenses incurred in connection with their duties as directors.

#### *Director Compensation Table*

The following table set forth all compensation earned for the financial year ended December 31, 2009 by non-NEO members of the Board of Directors.

<b>Name</b> <sup>(1) (2) (3)</sup>	<b>Fees earned</b> <b>(\$)</b>	<b>Share-based awards</b> <b>(\$)</b>	<b>Option-based awards</b> <b>(\$)</b>	<b>Non-equity incentive plan compensation</b> <b>(\$)</b>	<b>Total</b> <b>(\$)</b>
Pierre Lebel	75,000	Nil	Nil	35,112	110,112
Larry Moeller	7,000	40,000	Nil	Nil	47,000
Theodore Muraro <sup>(3)</sup>	3,000	6,196	15,243	Nil	24,439
Edward Yurkowski	7,000	40,000	Nil	Nil	47,000

<sup>(1)</sup> Mr. Kynoch, President of the Company, does not receive any compensation for serving as a director or for attending meetings of the Board of Directors. Disclosure for Mr. Kynoch's compensation is provided on page 9 of this Information Circular.

<sup>(2)</sup> Mr. Lebel received compensation of \$6,250 per month for acting as Chairman of the Company. Mr. Lebel spends a minimum of 14 days per month on Company business. He receives \$400/day for any additional days required. In 2009, the Company paid Mr. Lebel total compensation of \$110,112.

<sup>(3)</sup> Mr. Muraro was appointed to the board of directors on November 4, 2009.

*Option-Based Awards to Directors*

The following table sets out the awards outstanding at December 31, 2009 for non-NEO members of the Board of Directors.

Name <sup>(1)</sup>	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>
Pierre Lebel	125,000	6.60	Aug 11, 2010	870,000
	50,000	8.82	Dec 31, 2018	47,400
Larry Moeller	125,000	6.60	Aug 11, 2010	870,000
Theodore Muraro	5,000	7.50	Sept 25, 2010	30,300
	1,333	24.00	April 13, 2011	Nil
	2,500	34.20	June 20, 2012	Nil
	4,167	6.60	Sept 26, 2013	29,002
Edward Yurkowski	41,167	6.60	Aug 11, 2010	290,002

(1) Mr. Kynoch, President of the Company, does not receive any compensation for serving as a director or for attending meetings of the Board of Directors. Disclosure for Mr. Kynoch's compensation is provided on page 9 of this Information Circular.

(2) Based on the difference between the option exercise price and the closing price of the Company's shares on the TSX at December 31, 2009, which was \$13.56.

*Value Vested or Earned During the Year*

The following table shows the incentive plan awards value vested or earned for each non-NEO director for the fiscal year ending December 31, 2009.

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(3)</sup>
Pierre Lebel	Nil	35,112
Larry Moeller	Nil	Nil
Theodore Muraro	Nil	Nil
Edward Yurkowski	Nil	Nil

(1) Mr. Kynoch, President of the Company, does not receive any compensation for serving as a director or for attending meetings of the Board of Directors. Disclosure for Mr. Kynoch's compensation is provided on page 9 of this Information Circular.

(2) The amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the closing price of the Company's shares and the exercise price on such vesting date.

(3) Amounts referred to in this column are the 2009 cash bonuses which are generally made by March following the completion of the financial year.

### *Directors' and Officers' Liability Insurance*

The Company maintains an insurance policy with respect to directors' and officers' liability covering directors and officers of the Company and its subsidiaries as a group. The policy provides coverage to an annual limit of \$10,000,000, subject to a deductible of \$25,000. The annual premium for the last completed policy period was \$45,975. The Company's coverage under the policy is for a period of 12 months until November 1, 2010, with terms and premiums to be established at each renewal.

## **CORPORATE GOVERNANCE**

The Company is a reporting issuer in British Columbia, Saskatchewan, Ontario and Quebec. Effective June 30, 2005, National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") was adopted by each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. The following is a discussion of each of the Company's corporate governance practices for which disclosure is required by NI 58-101.

### **Board of Directors**

The Board of Directors considers that four of the five current directors are independent according to the definition of "independence" set out in NI 52-110. The four directors considered independent are Messrs. Lebel, Moeller, Muraro and Yurkowski.

Mr. Kynoch, by virtue of his office as the President of the Corporation, is not considered to be an independent director of the Company and the Board of Directors considers that a majority of the directors are independent according to the definition of "independence" set out in NI 52-110.

Meetings of independent directors are not regularly scheduled but communication among this group occurs on an ongoing basis as needs arise from regularly scheduled meetings of the Board of Directors. The number of these informal meetings has not been recorded, but it would not be less than six in the fiscal year that commenced on January 1, 2009. The Board of Directors believes that adequate structures and processes are in place to facilitate the functioning of the Board of Directors with a level of independence of the Company's Management.

Mr. Lebel, an independent director, is Chair of the Board of Directors and presides as such at each meeting. A description of the responsibilities of the Chair of the Board of Directors is attached as Schedule "B" to this Information Circular.

### **Directorships**

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction in Canada or foreign jurisdiction:

<b>Name of Director</b>	<b>Other Reporting Issuers</b>
Pierre Lebel	HOMEQ Corporation / HomEquity Bank SouthGobi Energy Resources Ltd. Zedi. Inc.
Larry Moeller	Crocotta Energy Inc. Jovian Capital Corporation Magellan Aerospace Corporation
Theodore Muraro	Dynasty Gold Corp.

Edward Yurkowski

0373849 B.C. Ltd.  
 Columbia Yukon Explorations Inc.  
 Rainy Mountain Royalty Corp.  
 White Tiger Mining Corp.

### Attendance

Since the beginning of the fiscal year that commenced on January 1, 2009, until the date of this Information Circular, the Board of Directors has held a total of 9 meetings:

#### Summary of Attendance of Directors at Meetings

<b>Directors</b>	<b>Board</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Corporate Governance &amp; Nominating Committee</b>
Number of meetings held	9	7	1	1
Brian Kynoch	9	n/a	n/a	1
Pierre Lebel	7	5	1	1
Larry Moeller	9	7	1	1
Theodore Muraro	5	n/a	n/a	n/a
Edward Yurkowski	9	7	1	n/a

### Board Mandate

A copy of the Board Mandate is attached as Schedule "A" to this Information Circular.

### Position Descriptions

The Board of Directors operates under the Board Mandate. In addition, the Board of Directors has approved written position descriptions for the positions of President (who acts as CEO), Chairman and Director. Charters have been adopted for each of the committees of the Board of Directors outlining their principal responsibilities.

### Orientation and Continuing Education

The Board of Directors requires that each new director be provided with a written orientation package relating to the Company as well as information on the responsibilities and liabilities of directors. New directors also meet with existing directors and senior management personnel of the Company to learn about the functions and activities of the Company.

The Corporate Governance and Nominating Committee has overall responsibility for regularly assessing the skills, experience and knowledge represented on the Board of Directors for adequacy and effectiveness. To date, no formal continuing education program has been established for Board members.

### Ethical Business Conduct

The Company does not currently have a formal written code for ethical business conduct.

The Company is established under and is therefore governed by the provisions of the *Business Corporations Act* (British Columbia) (the "BCA"). Pursuant to the BCA, a director or officer of the Company must disclose to the Company in writing or by requesting that it be entered in the minutes of meetings of the Board of Directors, the nature and extent of any interest that he or she has in material contract or material transaction, whether made or proposed, with the Company, if the director or officer: (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. The interested director cannot vote on any resolution to approve such contract or transaction.

While there is no formal corporate policy on ethical business conduct, the Company carries out its business in accordance with the rules and regulations of all regulatory agencies to which it is subject. This culture of compliance is stressed to all levels of management of the Company to ensure that business is conducted in an ethical and proper manner at all times.

The Board of Directors monitors adherence to high standards of conduct through disclosure and inquiry mechanisms. Management is obligated to report to the Corporate Governance and Nominating Committee if instances of unethical behaviour are identified. The Board of Directors makes inquiries from time to time to ensure that the Company's business is conducted in an ethical and proper manner.

### **Nomination of Directors**

The process by which the Board of Directors identifies new candidates for board nomination is outlined in the Company's Corporate Governance and Nominating Committee Charter, a copy of which is attached as Schedule "C" to this Information Circular, and which outlines the responsibilities, powers and operation of the Corporate Governance and Nominating Committee.

The Corporate Governance and Nominating Committee is comprised of two members who are entirely independent directors and one that is not. The Committee comprises Messrs. Lebel and Moeller, both of whom are non-management, independent directors and Mr. Kynoch, who is part of the management of the Company. Mr. Kynoch sits on this Committee as he has extensive knowledge of the mining industry and the individuals working within it and related to it. The Board of Directors feels that this knowledge is critical to selecting and evaluating suitable candidates for nomination to the Board of Directors.

### **Compensation**

The Compensation Committee is responsible for reviewing the adequacy and form of compensation provided to directors and officers. A copy of the Compensation Committee Charter is attached as Schedule "D" to this Information Circular. The responsibilities, powers and operation of the Compensation Committee are outlined in its Charter.

The Compensation Committee is composed of three independent directors, being Pierre Lebel (Chair of the Board of the Company), Larry Moeller and Edward Yurkowski. Mr. Lebel was previously an officer of the Company from December 7, 2001 to January 21, 2003.

During the fiscal year ended December 31, 2009, no outside consultant or advisor was retained by the Company.

### **Other Board Committees**

Other than the Audit Committee and Compensation Committee, the Board of Directors has a Corporate Governance and Nominating Committee. A copy of the Corporate Governance and Nominating Committee Charter is attached as Schedule "C" to this Information Circular.

### **Assessments**

The Corporate Governance and Nominating Committee has the responsibility for reviewing the performance of the Board of Directors as outlined in its Charter. In addition to the Board assessment, each Committee of the Board of Directors is to self assess their effectiveness and contribution annually as outlined in their Charters.

### **AUDIT COMMITTEE**

The Audit Committee is composed of independent directors, being Pierre Lebel, Larry Moeller and Edward Yurkowski.

The Audit Committee is responsible for reviewing the Company's financial reporting procedures, internal controls and the performance of the Company's external auditors.

Audit committee information as required under National Instrument 52-110 – Audit Committees is contained in the Company’s Annual Information Form dated March 31, 2010 under the heading “Audit Committee Information”. Audit Committee information includes the charter, committee composition, relevant education and experience, audit committee oversight, pre-approval policies and procedures, and fees paid to the external auditor. The Annual Information Form is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and is on the Company’s website at [www.imperialmetals.com](http://www.imperialmetals.com). A copy of the Company’s Annual Information Form will be provided to any shareholder of the Company without charge by request to the Corporate Secretary of the Company at Suite 200 - 580 Hornby Street, Vancouver, British Columbia V6C 3B6.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Stock Option Plan**

The Company implemented a Stock Option Plan on January 29, 2002, which was approved by the Company’s shareholders on March 7, 2002, pursuant to which the Company reserved 1,500,000 common shares for issuance upon the exercise of stock options. Pursuant to its Amended and Restated Stock Option Plan (2004) (the “Fixed Plan”) which was approved by Company’s shareholders on June 9, 2004, the number of shares issuable under the Fixed Plan was increased from 1,500,000 to 2,500,000 common shares.

On August 11, 2005, the Board of Directors of the Company approved a 10% “rolling” stock option plan (the “Former Rolling Plan”), which was also approved by the Company’s shareholders. The Former Rolling Plan used a “rolling” number of shares rather than a “fixed” number of shares. The total number of common shares issuable under the Former Rolling Plan could not exceed 10% of the issued and outstanding common shares of the Company (less any options granted under the Fixed Plan).

On March 20, 2007, the Board of Directors of the Company approved a new 10% “rolling” Stock Option Plan (2007) (the “Stock Option Plan”), which was also approved by the Company’s shareholders. The Stock Option Plan replaced both the Fixed Plan and the Former Rolling Plan. The Stock Option Plan uses a “rolling” number of shares rather than a “fixed” number of shares. The total number of common shares issuable under pursuant to stock options outstanding under the Stock Option Plan, including any common shares of the Company issuable pursuant to outstanding options previously granted under the Fixed Plan or the Former Rolling Plan, will not exceed 10% of the issued and outstanding common shares of the Company.

On March 29, 2010, the Board of Directors of the Company approved an Amended and Restated Stock Option Plan (2007) (the “Amended Plan”). Under the policies of the Toronto Stock Exchange (the “TSX”), “rolling” stock option plans are required, upon institution and every three years thereafter, to be approved by a majority of a listed issuer’s directors and, where required, by the listed issuer’s shareholders, and in any case, the Amended Plan must be approved by the Company’s shareholders. Accordingly, shareholder approval of the Amended Plan will be sought at the Meeting, as more particularly described below under “Particulars of Other Matters to be Acted Upon – Approval of Stock Option Plan”.

#### *Summary of the Amended Plan*

The Amended Plan is administered by the Board of Directors of the Company or a committee thereof (the “Committee”) at its discretion from time to time to grant options to directors, officers, employees and certain other persons providing services to the Company or any of its subsidiaries to purchase common shares of the Company.

The maximum number of common shares of the Company issuable pursuant to stock options outstanding under the Amended Plan at any time will not exceed 10% of the number of common shares of the Company which are issued and outstanding at that time, provided that if any stock option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares in respect of such expired or terminated stock options shall again be available for the purposes of granting stock options pursuant to the Amended Plan and reloading is permitted. The number of common shares issuable under the Amended Plan and all other established or proposed share compensation arrangements of the Company to insiders of the Company is not to exceed 10% of the

outstanding common shares of the Company. The number of common shares issued to insiders of the Company within any one year period pursuant to the Amended Plan and all other established or proposed share compensation arrangements of the Company is not to exceed 10% of the outstanding common shares of the Company.

The stock options will be exercisable at a price fixed by the Committee at the time of grant that will not be less than the Market Price of the common shares of the Company on the last trading day immediately prior to the date of the grant. "Market Price", on any date, will be the closing trading price of the common shares of the Company on the TSX (as reported by such exchange) on the date or, in the absence of a closing price on such date, on the most recent date (not exceeding 10 days) prior to such date or, if the common shares are not listed on the TSX, on such other stock exchange as the Committee may designate, and otherwise shall be as determined by the Committee, or such price allowed by the applicable regulatory body or exchange.

Options granted under the Amended Plan are exercisable for such term as may be determined by the Committee at the time of grant, subject to earlier termination after certain events such as the optionee's cessation of service to the Company or death. The Amended Plan has added to the Stock Option Plan provisions that if a stock option would otherwise expire during, or within five business days after the end of a trading black-out period imposed by the Company, the expiry date of that stock option will be extended to the day which is ten business days after the end of that trading black-out and empowering the Company to accelerate the termination of stock options in certain circumstances. The Committee, at its sole discretion, may determine the method of vesting, if any, of stock options granted under the Amended Plan. If an optionee ceases to be a director, officer, employee or consultant of the Company for any reason (other than death or retirement), the optionee may, but only within a period determined by the Committee of up to a maximum of 90 days after the optionee's ceasing to be a director, officer, employee or consultant of the Company, exercise the stock option but only to the extent that the optionee was entitled to exercise it at the date of such cessation. If an Optionee ceases to be a director, officer, employee or consultant of the Company by reason of his retirement from the Company, the Optionee may exercise the stock option until its expiry date, but only to the extent that the Optionee was entitled to exercise it at the date of such cessation. In the event of the death of an optionee, the stock options previously granted to such optionee shall be exercisable only within six months following the date of the death of the optionee or prior to the expiry date of such stock option, whichever is earlier, and then only by the person or persons to whom the optionee's rights under the stock option shall pass by the optionee's will or the laws of descent and distribution and if and to the extent that the optionee was entitled to exercise the stock option at the date of the optionee's death.

Options granted under the Amended Plan are non-assignable and non-transferable without the prior written consent of the Company, which may be withheld in the Company's sole discretion.

The Company will not provide financial assistance to facilitate the exercise of stock options.

Due to recently announced changes to applicable tax laws, the Amended Plan removes from the Stock Option Plan the ability of holders of stock options to receive a cash payment from the Company in lieu of exercising their stock options in the traditional method.

The Amended Plan also updates the amending provisions of the Stock Option Plan to be consistent with current policies of the TSX. The Committee, subject to the prior approval of the Board of Directors of the Company and, if required, any stock exchange or other regulatory body having jurisdiction which may in turn require the approval of the shareholders of the Company, may discontinue the Amended Plan or amend the Amended Plan or any stock options. Notwithstanding the foregoing, the Committee, subject to the prior approval of the Board of Directors of the Company, is specifically authorized to amend the terms of the Amended Plan and the terms of any stock options, without obtaining shareholder approval, for, among others, the following purposes:

- (a) amendments of a housekeeping nature, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein and those of a typographical, grammatical or clerical nature and updating provisions herein to reflect changes in governing laws, including tax laws, or to comply with the requirement of any regulatory authority;

- (b) changes to the vesting provisions;
- (c) changes to the manner of determining the Market Price;
- (d) a change to the termination provisions which does not entail an extension beyond the original expiry date;
- (e) any change to the eligible participants as optionees which would have the potential of broadening or increasing insider participation;
- (f) the addition of a deferred or restricted share unit or any other provision which results in optionees receiving securities while no cash consideration is received by the Company;
- (g) provide any form of financial assistance;
- (h) amend a financial assistance provision to be more favorable to the optionees;
- (i) add a cashless exercise feature, payable in cash or securities, whether or not the feature provides for a full deduction of the number of underlying common shares from the reserved common shares; and
- (j) any reduction in the exercise price or purchase price or the extension of the term of any stock option which benefits a non-insider of the Company.

However, no amendments to the Amended Plan to:

- (i) increase the number of common shares reserved for issuance under the Amended Plan (including a change from a fixed maximum percentage of common shares to a fixed maximum number of common shares but excluding the reloading of securities after exercise);
- (ii) any reduction in the exercise price or purchase price or the extension of the term of any stock option which benefits an insider of the Company, which securityholder approval must exclude the votes of securities held by the insiders benefiting from the amendment;
- (iii) change the manner of determining the exercise price so that the exercise price is less than the Market Price of the common shares on the last trading day immediately prior to the date of grant;
- (iv) increase the aggregate number of common shares in respect of which stock options have been granted and remain outstanding so that such number of common shares, when taken together with all of the Company's security based compensation arrangements then either in effect or proposed, shall at any time be such as to result in:
  - (A) the number of common shares reserved for issuance to insiders pursuant to stock options exceeding 10% of the issued and outstanding common shares;
  - (B) the issuance to insiders pursuant to stock options, within a one-year period, of a number of common shares exceeding 10% of the issued and outstanding common shares; or
- (v) an amendment to any amending provision of the Amended Plan which does not fall within sections (a) through (j) above,

shall be made without obtaining approval of the shareholders of the Company in accordance with the requirements of any stock exchange on which the common shares of the Company are listed for trading.

All stock options are subject to the applicable rules and regulations of all regulatory authorities and stock exchanges to which the Company is subject.

Shareholder approval of the Amended Plan is being sought at the Meeting. See "Particulars of Other Matters to be Acted Upon – Approval of Stock Option Plan".

The Company has currently outstanding options to purchase up to 2,002,167 common shares [5.6% of the current issued and outstanding common shares of the Company].

### Share Purchase Plan

On March 2, 2005, the Board of Directors of the Company established a Share Purchase Plan, which was approved by the Company's shareholders on May 16, 2005.

The Share Purchase Plan allows full-time employees of the Company and its subsidiaries who have been employed by the Company or any of its subsidiaries for at least six consecutive months to purchase shares in the Company and receive from the Company an equal number of shares (the "Company's Contribution") over and above the shares purchased. The Share Purchase Plan is designed to allow participation by Company employees in the future growth of the Company. Employees must subscribe no later than December 1st of every year to commence contributions for the following calendar year. Employees have the opportunity to contribute up to a maximum of 5% of their gross annual salaries (the "Employee's Contribution") excluding any overtime pay, bonuses or allowances of any kind. Except with the further approval of the shareholders of the Company given by the affirmative vote of a majority of the votes cast at a meeting of the shareholders of the Company, excluding the votes of insiders of the Company and such insider's associates, the Company may not cause (a) the issuance or delivery to insiders of the Company, within a one-year period, of common shares under the Share Purchase Plan and the Company's 2007 Stock Option Plan to exceed 10% of the outstanding issue; and (b) the issuance or delivery to any one insider of the Company and such insider's associates, within a one-year period, of Shares under this Share Purchase Plan and the Company's 2007 Stock Option Plan to exceed 5% of the outstanding issue.

The Company may issue shares from its treasury or purchase shares in the market for delivery to the participants under the Share Purchase Plan. The Company's contribution will not exceed 200,000 common shares in any calendar year and will not exceed 1,000,000 common shares in the aggregate (representing 2.8% of the current issued common shares of the Company). The Company has, to date, not issued any common shares from its treasury under the Share Purchase Plan.

The Board of Directors reserves the right to amend, modify or terminate the Share Purchase Plan at any time if and when it is advisable in the absolute discretion of the Board of Directors.

### Equity Compensation Plan Information

The following table summarizes the Company's compensation plans described in detail above under which equity securities of the Company are authorized for issuance at the end of the Company's most recently completed financial year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders:			
Stock Option Plan (2007)	2,230,501	\$8.56	--
Share Purchase Plan	--	--	1,000,000
Equity compensation plans not approved by securityholders:			
Amended and Restated Stock Option (2007) <sup>(1)</sup>	80,000	\$20.05	1,292,835
<b>Total</b>	<b>2,310,501</b>	<b>\$8.95</b>	<b>2,292,835</b>

<sup>(1)</sup> Adopted by the Board of Directors on March 29, 2010. Shareholder approval is being sought at the Meeting.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than routine indebtedness, no current or former executive officer, director or employee of the Company or any of its subsidiaries, or any proposed nominee for election as a director of the Company, or any associate or affiliate of any such executive officer, director, employee or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee, support agreement, letter of credit or other similar arrangement or understanding by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

**MANAGEMENT CONTRACTS**

Management functions of the Company or any subsidiary of the Company are not, to any substantial degree, performed by a person other than the directors or executive officers of the Company or its subsidiaries (if any).

**INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth in this Information Circular, no informed person of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any such informed person or proposed nominee has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that, in either case, has materially affected or will materially affect the Company or any of its subsidiaries, except as follows:

In March 2005, the Company issued \$20 million of convertible debentures with interest payable at 6% per annum. The following insiders of the Company purchased \$9.75 million of the Convertible Debentures: N. Murray Edwards of Calgary, Alberta, a significant shareholder of the Company, purchased \$9,000,000 of the Convertible Debentures; Larry Moeller of Calgary, Alberta, a director of the Company, purchased \$650,000 of the Convertible Debentures; and Brian Kynoch of Vancouver, British Columbia, the President of the Company, purchased \$100,000 of the Convertible Debentures. Subsequent to December 31, 2009, all the convertible debentures were converted into common shares. Further details on the Convertible Debentures can be found in Note 8 to the audited consolidated financial statements for the year ended December 31, 2009.

**INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company and no associate or affiliate of any of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors, except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

**APPOINTMENT OF AUDITORS**

The shareholders will be asked to vote for the appointment of Deloitte & Touche LLP as the auditor of the Company to hold office until the next annual general meeting of shareholders of the Company. Deloitte & Touche LLP were first appointed as auditor of the Company on December 7, 2001.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Approval of Stock Option Plan**

As described above under “Securities Authorized for Issuance under Equity Compensation Plans - Stock Option Plan”, the Board of Directors of the Company have approved the Amended Plan. Under the policies of the TSX, “rolling” stock option plans are required, upon institution and every three years thereafter, to be approved by a majority of a listed issuer’s directors and, where required, by the listed issuer’s shareholders, and in any case, the Amended Plan must be approved by the Company’s shareholders at the Meeting. All allocated stock options will remain unaffected, regardless of the outcome of the voting of the shareholders of the Company on the resolution below. If the resolution below is not approved by the shareholders of the Company, any stock options which expire or are subsequently cancelled will not be available for reallocation.

When determining the number of stock options which may be granted under the Amended Plan, all outstanding stock options, whether granted under the Fixed Plan, the Former Rolling Plan or otherwise, will be included. As at April 14, 2010, the maximum number of stock options which could be granted is 3,603,336, the number of stock options actually outstanding is 2,002,167 representing 5.6% of the number of common shares of the Company issued and outstanding, and the number of stock options available for future grant is 1,601,169, representing 4.4% of the number of common shares of the company issued and outstanding.

At the Meeting, the shareholders of the Company will be asked to consider and, if thought appropriate, to pass an ordinary resolution in substantially the following form:

#### **“RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the Amended and Restated Stock Option Plan (2007) (the “Amended Plan”) of the Company, in the form presented to this Meeting, which provides for a “rolling maximum” number of common shares issuable under the Amended Plan that shall not exceed 10% of the aggregate number of common shares of the Company issued and outstanding, is approved, ratified and confirmed and a copy of the Amended Plan is hereby directed to be attached to the minutes of this Meeting;
2. the Company be and is hereby authorized to grant stock options pursuant and subject to the terms and conditions of the Amended Plan entitling all of the outstanding option holders in aggregate to purchase up to such number of common shares of the Company as is equal to 10% of the number of common shares of the Company issued and outstanding;
3. all unallocated stock options under the Stock Option Plan (2007) and the Amended Plan be and are hereby approved;
4. the Company have the ability to continue granting stock options under the Amended Plan until May 19, 2013, that is until the date that is three years from the date when shareholder approval is currently being sought, unless the Amended Plan is terminated earlier;
5. the Company’s board of directors or any committee thereof, by resolution, be authorized to make such amendments to the Amended Plan, from time to time, as may, in its discretion, be considered appropriate, provided always that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the Amended Plan, the shareholders; and
6. the approval of the Amended Plan by the board of directors is hereby ratified and any one director or officer of the Company is hereby authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company if applicable, all such documents and other writings as may be required to give effect to the true intent of this resolution.”

A full copy of the Amended Plan will be available at the Meeting. Shareholders may obtain a copy of the Amended Plan in advance of the Meeting upon request to Andre Deepwell, Corporate Secretary of the Company, at Suite 200, 580 Hornby Street, Vancouver, British Columbia, Canada V6C 3B6, or [adeepwell@imperialmetals.com](mailto:adeepwell@imperialmetals.com), or by facsimile to (604) 687-4030.

#### **OTHER MATTERS TO BE ACTED UPON**

There are no other matters to be considered at the Meeting which are known to the directors or executive officers at this time. However, if any other matters properly come before the Meeting it is the intention of the persons named in the Form of Proxy accompanying this Information Circular to vote the same in accordance with their best judgement of such matters exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment thereof.

#### **ADDITIONAL INFORMATION**

Additional information concerning the Company, including the Company's consolidated interim and annual financial statements and management's discussion and analysis, is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which may be accessed at [www.sedar.com](http://www.sedar.com) under "Company Profiles – Imperial Metals Corporation". Copies of such information may also be obtained on the Company's website at [www.imperialmetals.com](http://www.imperialmetals.com) or on request without charge from the Corporate Secretary of the Company, Suite 200 - 580 Hornby Street, Vancouver, British Columbia, V6C 3B6 Telephone 604.669.8959.

Financial information of the Company is provided in the Company's consolidated comparative financial statements, and management's discussion and analysis thereon, for the Company's fiscal year ended December 31, 2009. Copies of such financial statements may be obtained in the manner set forth above.

#### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved, and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of Directors.

By Order of the Board of Directors of

#### **IMPERIAL METALS CORPORATION**

(signed) "J. Brian Kynoch"

J. Brian Kynoch, President

## **SCHEDULE “A”**

### **IMPERIAL METALS CORPORATION** (the “Company”)

#### **BOARD MANDATE**

Under the *Business Corporations Act* (British Columbia), the directors of the Company are required to manage the Company’s business and affairs, and in doing so to act honestly and in good faith with a view to the best interests of the Company. In addition, each director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The responsibilities of the Board of Directors include setting long term goals and objectives for the Company, formulating the plans and strategies necessary to achieve those objectives and supervising senior management in their implementation. Although the Board delegates the responsibility for managing the day to day affairs of the Company to senior management personnel, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business.

The Board fulfills its mandate through direct oversight, setting policy, appointing committees and appointing management. Specific responsibilities include the following:

1. Approving the issuance of any securities of the Company.
2. Approving the incurrence of any debt by the Company.
3. Reviewing and approving capital, operating and exploration and development expenditures including any budgets associated with such expenditures.
4. Approving the annual financial statements and quarterly financial statements, including the Management Discussion & Analysis, information circulars, annual information forms, annual reports, offering memorandums and prospectuses.
5. Approving material investments, dispositions and joint ventures, and approving any other major initiatives outside the scope of approved budgets.
6. Reviewing and approving the Company’s strategic plans, adopting a strategic planning process and monitoring the Company’s performance.
7. Reviewing and approving the Company’s incentive compensation plans.
8. Determining the composition, structure, processes, and characteristics of the Board and the terms of reference of committees of the Board, and establishing a process for monitoring the Board and its directors on an ongoing basis.
9. Appointing a Compensation Committee, an Audit Committee and a Corporate Governance and Nominating Committee and other Board Committees and delegating to any such committees powers of the Board as appropriate and legally permissible.
10. Nominating the candidates for the Board to the shareholders, based on recommendations from the Corporate Governance and Nominating Committee.
11. Ensuring an appropriate orientation and education program for new directors and officers is provided.

12. Determining whether individual directors meet the requirements for independence under applicable regulatory requirements.
13. Monitoring the conduct of the Company and ensuring that it complies with applicable legal and regulatory requirements.
14. Ensuring that the directors who are independent of management have the opportunity to meet regularly.
15. Reviewing this Mandate and other Board policies and terms of reference for Committees in place from time to time and propose modifications as applicable.
16. Appointing and monitoring the performance of senior management, formulating succession plans for senior management and, with the advice of the Compensation Committee, approving the compensation of senior management.
17. Continually monitor and assess the Company's principal business risks and opportunities of the Company.
18. Ensuring policies and processes are in place to ensure the integrity of the Company's internal control, financial reporting and management information systems.
19. Ensuring appropriate policies and processes are in place to ensure the Company's compliance with applicable laws and regulations, including timely disclosure of relevant corporate information and regulatory reporting.
20. Exercising direct control during periods of crisis.
21. Serving as a source of advice to senior management, based on directors' particular backgrounds and experience.

#### **Organization of the Board of Directors**

**Independence:** The Board believes that adequate structures and processes are in place to facilitate the functioning of the Board with a level of independence of the Company's Management that is adequate and appropriate given the Company's size and scope.

**Committees:** The Company has an Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. The Company may establish other committees from time to time.

#### **Meetings**

The Board holds regular annual and quarterly meetings. Between the quarterly meetings, the Board meets on an ad hoc basis as required, generally by means of telephone conferencing facilities. As part of the annual and quarterly meetings, the independent directors also have the opportunity to meet separate from management. Management also communicates informally with members of the Board on a regular basis, and solicits the advice of Board members falling within their specific knowledge and experience. Each director is expected to review all Board meeting materials in advance of each meeting and make all reasonable efforts for attendance at all Board and Board Committee meetings.

*As at April 26, 2004.*

## **SCHEDULE “B”**

### **IMPERIAL METALS CORPORATION** (the “Company”)

#### **POSITION DESCRIPTION FOR CHAIRMAN**

The Chairman of the Board is appointed by the directors.

The roles and responsibilities of the Chairman include:

1. chairing meetings of the Board;
2. chairing meetings of shareholders of the Company as and when directed by the Board and otherwise in accordance with the constating documents of the Company;
3. fulfilling the other duties of the Chairman as may be provided for in the constating documents of the Company;
4. promoting the efficient organization and conduct of the Board’s functions;
5. facilitating board discussions to ensure core issues facing the Company are addressed;
6. briefing all directors in relation to issues arising at Board meetings;
7. facilitating the effective contribution of all directors;
8. promoting constructive and respectful relations between Board members and between the Board and management;
9. ensuring that an appropriate committee structure is in place, and that the functions and responsibilities identified in the Board Mandate are being effectively carried out by the Board and its committees;
10. assisting the President in carrying out his responsibilities; and
11. carrying out such other specific roles and responsibilities as may be assigned to the Chairman by the Board.

*As at April 26, 2004.*

## **SCHEDULE “C”**

### **IMPERIAL METALS CORPORATION** (the “Company”)

#### **CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

##### **I. Purpose**

The primary objective of the Corporate Governance and Nominating Committee (the “Committee”) of Imperial Metals Corporation (the “Company”) is to assist the Board in fulfilling its oversight responsibilities by (a) identifying individuals qualified to become Board and Board Committee members and recommending that the Board select director nominees for appointment or election to the Board; and (b) developing and recommending to the Board corporate governance guidelines for the Company and making recommendations to the Board with respect to corporate governance practices.

##### **II. Organization**

The Committee shall consist of directors as determined by the Board and the Committee membership shall satisfy the laws governing the Company and the independence requirements of applicable securities law, stock exchange and any other regulatory requirements.

The members of the Committee shall be appointed by the Board. All members shall have a working familiarity with corporate governance practices. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. The Committee may form and delegate authority to subcommittees when appropriate.

##### **III. Meetings**

The Committee shall meet as many times as the Committee deems necessary to carry out its duties effectively.

The chair of the Committee shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee and to the other directors in advance of such meeting.

##### **IV. Authority and Responsibilities**

To fulfill its responsibilities, the Committee shall:

1. Examine the size and composition of the Board and recommend adjustments from time to time to ensure that the Board is of a size and composition that facilitates effective decision making.
2. Identify and assess the necessary and desirable competencies and characteristics for Board membership and regularly assess the extent to which those competencies and characteristics are represented on the Board.
3. Develop and implement processes to identify and assess necessary and desirable competencies and characteristics for Board members.
4. Identify individuals qualified to become members of the Board.
5. Make recommendations to the Board for the appointment or election of director nominees.

6. Make recommendations to the Board with respect to membership on committees of the Board (other than the Committee).
7. Ensure that Board has appropriate structures and procedures so that the Board can function with the proper degree of independence from management.
8. Provide a forum without management present to receive expressions of concern, including a concern regarding the independence of the Board from management.
9. Establish induction programs for new directors.
10. Ensure succession plans are in place to maintain an appropriate balance of skills on the board and periodically review those plans.
11. Receive comments from all directors as to the Board's performance, oversee the execution of a process assessing the effectiveness of the Board as a whole, the Board committees, and the contribution of individual directors, and report annually to the Board on such assessments.
12. Prepare and recommend to the Board the corporate governance policies and procedures for the Company. Review practices and procedures of the Board in light of ongoing developments in securities law, stock exchanges and regulatory requirements, and industry best practices, relating to matters of corporate governance. Review and reassess the adequacy of the Company's corporate governance policies, practices and procedures annually and recommend to the Board any changes deemed appropriate by the Committee.
13. Review any proposed changes to the Company's constating documents as such documents relate to corporate governance matters.
14. Ensure systems are in place to verify compliance with regulatory, corporate governance and disclosure requirements.
15. Review and reassess the adequacy of this Charter annually and recommend to the Board any changes deemed appropriate by the Committee.
16. At the request of an individual director, consider and, if deemed advisable, authorize the retaining by any individual director of an outside advisor for such director at the expense of the Corporation.
17. Perform any other activities consistent with this Charter, the Company's constating documents and governing law as the Committee or the Board deems appropriate.
18. Review the performance of the Committee annually.
19. Report regularly to the Board.

**V. Resources**

The Committee shall have ability to engage external advisors as it sees fit, including (i) the sole authority to determine the extent of funding necessary for payment of compensation to any search firm and the authority to determine the extent of funding necessary for payment of compensation to any other professionals retained to advise the Committee; and (ii) the sole authority to retain and terminate a search firm to be used to identify director candidates and the authority to retain other professionals to assist it with any background checks.

## **VI. Appointing new directors**

In fulfilling its responsibilities to identify individuals qualified to become members of the Board, the Committee will consider (i) the independence of each nominee; (ii) the experience and background of each nominee; (iii) having a balance of skills for the Board and its committees to meet their respective mandates; (iv) the past performance of directors being considered for re-election; (v) applicable regulatory requirements; and (vi) such other criteria as may be established by the Board or the Committee from time to time.

Each nominee will be considered on the basis of merit and suitably extensive enquiries to find candidates should be made, including:

- (a) regularly assessing and identifying the necessary and desirable skills, experience and knowledge for board members;
- (b) regularly assessing and identifying the skills, experience and knowledge represented on the board and those desired;
- (c) regularly assessing and determining the time commitment needed from each board member to adequately perform his or her duties;
- (d) making suitable inquiries of others (which may include professional executive search and recruitment consultants) for candidates;
- (e) interviewing each candidate and conducting background and reference checks;
- (f) ensuring that each candidate has the necessary skills, experience and knowledge to perform his or her duties and responsibilities as a director and is able to devote the time necessary to perform those duties and responsibilities.

*As at April 26, 2004.*

## **SCHEDULE “D”**

### **IMPERIAL METALS CORPORATION** (the “Company”)

#### **COMPENSATION COMMITTEE CHARTER**

##### **I. Purpose**

The primary objective of the Compensation Committee (the “Committee”) of Imperial Metals Corporation (the “Company”) is to discharge the Board’s responsibilities relating to compensation and benefits of the executive officers and directors of the Company.

##### **II. Organization**

Members of the Committee shall be directors and the Committee membership shall satisfy the laws governing the Company and the independence requirements of securities law, stock exchanges and any other regulatory requirements. The members of the Committee shall be appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee.

The Committee may form and delegate authority to subcommittees when appropriate.

##### **III. Meeting**

The Committee shall meet as many times as the Committee deems necessary.

The members of the Committee shall select a chair who will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting. The Chair shall be an independent director.

The chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee as well as each other director in advance of the meeting.

##### **IV. Authority and Responsibilities**

To fulfill its responsibilities, the Committee shall:

1. Review and approve on an annual basis corporate goals and objectives relevant to the President’s compensation, evaluate the President’s performance in light of those goals and objectives and set the President’s compensation level based on this evaluation. In determining the long-term incentive component of the President’s compensation, the Committee will also consider, among such other factors as it may deem relevant, the Company’s performance, shareholder returns, the value of similar incentive awards to President’s at comparable companies and the awards given to the President in past years.
2. Review and make recommendations to the Board on an annual basis with respect to the adequacy and form of compensation and benefits of all executive officers and directors.
3. Administer and make recommendations to the Board with respect to the Company’s employees’ and directors’ equity incentive plan(s) and any other incentive compensation plans and equity-based plans.
4. Determine the recipients of, and the nature and size of share compensation awards and bonuses granted from time to time, in compliance with applicable securities law, stock exchange and other regulatory requirements.

5. Prepare any report as may be required under applicable securities law, stock exchange and any other regulatory requirements.
6. Review and reassess the adequacy of this Charter annually and recommend to the Board any changes deemed appropriate by the Committee.
7. The Committee shall review annually management's succession plans for Executive Management, including specific development plans and career planning for potential successors.
8. Review its own performance annually.
9. Report regularly to the Board.

**V. Resources**

The Committee shall have the authority to retain outside advisors, including (i) the sole authority to retain or terminate consultants to assist the Committee in the evaluation of compensation of senior management and directors; and (ii) the sole authority to determine the terms of engagement and the extent of funding necessary for payment of compensation to any consultant retained to advise the Committee.

*As at April 26, 2004.*