

Imperial Announces Second Quarter Production Results and Non-Compliance with Certain Bank Debt Covenants

Vancouver | **July 6, 2017** | **Imperial Metals Corporation** (the "Company") (TSX:III) reports that second quarter production results from Red Chris were 15.4 million pounds of copper and 6,159 ounces of gold. These results were weaker than expected and similar to the production levels achieved in the first quarter of the year. Copper recovery continues to be lower than planned and even though higher grades of ore are scheduled to be mined in the second half of the year, the Company is unlikely to meet the lower end of its 2017 targeted copper production level of 85 million pounds of copper. The revised production target for the year is in the range of 80 to 83 million pounds of copper. Gold production at Red Chris for 2017 is expected to be approximately 40 thousand ounces, the lower end of the targeted range of 40 to 45 thousand ounces.

At Mount Polley, production for the second quarter was 5.6 million pounds of copper and 13,958 ounces of gold. Copper production was lower than targeted as copper grades from the Cariboo pit continued to be lower than expected. Gold production was near the targeted levels. Given the lower copper grades in the Cariboo pit, copper production for the year is not expected to meet the lower end of the original target of 26 to 29 million pounds. It is now estimated that copper production for 2017 will be in the range of 22 to 24 million pounds. Gold production at Mount Polley for the year is estimated to be within the original target of 55 to 60 thousand ounces, but towards the lower end of the range.

As a result of the lower than expected production in the first half of 2017, the Company will not meet certain of the financial covenants under its Bank Senior Credit Facility. The Company has initiated discussions with its Senior Credit Facility lenders and has requested a waiver of these covenants.

The Company is in the process of revising the ongoing mine plans for both the Red Chris and Mount Polley mines. As an additional consequence of the weak production results achieved in the first half of 2017, the Company will require additional financing and will consider all of its options, including a review of strategic alternatives.

About Imperial

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

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Forward-Looking Information and Risks Notice

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, specific statements regarding: expectations that the Company is unlikely to meet the lower end of its 2017 targeted copper production level despite higher grades of ore scheduled to be mined in the second half of the year, and gold production for the year will likely be near the low end of the original target; expectations that Mount Polley copper production for the year will not meet the lower end of the original target, and gold production for the year will likely be near the low end of the target; revised copper production targets for both Red Chris and Mount Polley mines; expectations that the Company will not meet certain financial covenants unless it receives its requested waiver of such covenants from the Senior Credit Facility lenders; revisions of ongoing mine plans for both the Red Chris and Mount Polley mines; the Company's need for additional financing and its intention to consider all of its options, including a review of strategic alternatives. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "guidance", "expectations", "targeted", "plan", "planned", "estimated", "calls for" and "expected". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents; dependence on key personnel; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; that additional required financing may not be available to the Company on terms acceptable to the Company or at all; that the Company may not receive its requested waivers of certain financial covenants contained in its credit facilities and other loan documents and could be found to be in default; counterparty risks associated with sales of our metals; changes in general economic conditions; increased operating and capital costs; and other risks of the mining industry as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.