



Press Release

Imperial Completes \$115 Million Non-Brokered Private Placement of Convertible Debentures

Vancouver – **September 3, 2014** | **Imperial Metals Corporation (III-TSX)** (the “Company” or “Imperial”) announces the closing of a non-brokered private placement of \$115.0 million Face Value of 6% 6-year senior unsecured convertible debentures (the “Convertible Debentures”), which is a \$15.0 million increase from the \$100.0 million Convertible Debenture Face Value offering previously announced on August 14, 2014. The Convertible Debentures provide additional financing to complete and commission the Red Chris mine, fund costs of remediating the effects of the tailings dam breach at the Mount Polley mine, and to fund ongoing operations.

As announced, Edco Capital Corporation (“Edco”) and The Fairholme Partnership, LP (“Fairholme”) have each purchased \$40.0 million, or 34.8%, of the Convertible Debentures. Subject to adjustment, each \$12.00 of Face Value is convertible into one common share of Imperial upon at least 61 days advance notice. The Convertible Debentures are not callable unless the closing price of Imperial’s common shares exceeds 125% of the conversion price for at least 30 consecutive days. Interest will be payable semi-annually, with the first payment due on June 30, 2015. At the option of the Company, subject to the separate approval of the TSX and compliance with all applicable securities laws, such interest may be paid through the issuance of additional Convertible Debentures or Imperial’s common shares.

Edco is owned by N. Murray Edwards, a significant shareholder of the Company. Fairholme and parties related to it are also significant shareholders of the Company. The issue of Convertible Debentures to Edco and Fairholme constitute “related party transactions” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in a Special Transaction* (“MI 61-101”). The Convertible Debentures purchased by Edco and Fairholme are exempt from the formal valuation and minority approval requirements of MI 61-101 pursuant to section 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as they represent less than 25% of the Company’s market capitalization.

Mr. Edwards announces that, through Edco, he can now acquire up to an additional 3,333,333 common shares of Imperial in the event of conversion pursuant to the terms and conditions of its \$40.0 million Convertible Debenture. Assuming the conversion of the entire \$40.0 million Convertible Debenture, as well as the exercise of all warrants currently held by Mr. Edwards and his affiliates, Mr. Edwards would then beneficially own 31,101,815 common shares, representing approximately 39.3% of the then issued common shares of the Company. Mr. Edwards indicated that Edco’s acquisition of the Convertible Debenture was for investment purposes and that he may acquire additional common shares, debentures, warrants or other securities of Imperial from time to time, depending on market conditions. A copy of Mr. Edwards’ early warning report may be obtained from the persons set forth below.

The material change report in relation to this transaction will be filed less than 21 days before closing as the Company completed this transaction on September 3, 2014 since all necessary approvals had been received and the Company wished to complete the transaction as soon as was commercially feasible after such approvals were received.

This announcement does not constitute an offer of securities for sale in the United States of America. These securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and that will contain detailed information about the Company and management, as well as financial statements.

About Imperial

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

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Cautionary Note Regarding “Forward-Looking Information”

This press release contains “forward-looking information” or “forward-looking statements” within the meaning of Canadian and United States Securities Laws, which we will refer to as “forward-looking information”. Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking information. If we discuss the conversion of the Convertible Debentures; payments of interest on the Convertible Debentures; mine plans; costs and timing of current and proposed exploration, development, production and marketing; capital expenditures; construction of transmission lines; cash flow; working capital requirements and the requirement for additional capital; operations; revenue; margins and earnings; future prices of copper and gold; future foreign currency exchange rates; future accounting changes; future prices for marketable securities; future resolution of contingent liabilities; receipt of permits; or other matters that have not yet occurred, we are making statements considered to be *forward-looking information* or *forward-looking statements* under Canadian and United States Securities Laws.

The forward-looking information in this press release may include words and phrases about the future, such as: *plan, expect, forecast, intend, anticipate, estimate, budget, scheduled, believe, may, could, would, might or will*. We can give no assurance the forward-looking information will prove to be accurate. It is based on a number of assumptions management believes to be reasonable, including but not limited to: the continued operation of the Company’s mining operations, no material adverse change in the market price of commodities or exchange rates, that the mining operations will operate and the mining projects will be completed in accordance with their estimates and achieve stated production outcomes and such other assumptions and factors as set out herein. It is also subject to risks associated with our business, including but not limited to: risks inherent in the mining and metals business; commodity price fluctuations and hedging; competition for mining properties; sale of products and future market access; mineral reserves and recovery estimates; currency fluctuations; interest rate risks; financing risks; regulatory and permitting risks; environmental risks; joint venture risks; foreign activity risks; legal proceedings; and other risks that are set out in the Company’s current Management’s Discussion & Analysis. If our assumptions prove to be incorrect or risks materialize, our actual results and events may vary materially from what we currently expect as provided in this press release. We recommend review of the Company’s current Management’s Discussion & Analysis, which includes discussion of material risks that could cause actual results to differ materially from our current expectations. Forward-looking information is designed to help you understand management’s current views of our near and longer term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.