

## NEWS RELEASE

### Imperial Reports 2011 First Quarter Financial Results

Vancouver, BC – **May 27, 2011** – **Imperial Metals Corporation (TSX:III)** reports comparative financial results for the three months ended March 31, 2011 and March 31, 2010 are summarized below and discussed in detail in the Management’s Discussion and Analysis. The Company’s results are now being prepared in accordance with International Financial Reporting Standards (“IFRS”). Our accounting policies have changed and the presentation, financial statement captions and terminology used differ from that used in all previously issued financial statements and quarterly and annual reports. The new policies have been consistently applied to all of the years presented and all prior period information has been restated or reclassified for comparative purposes. Further details on the conversion to IFRS are provided in the notes to our unaudited condensed consolidated interim financial statements as at and for the quarter ended March 31, 2011.

<i>in thousands except per share amounts</i>	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenues	\$97,180	\$69,320
Income from mine operations	\$36,277	\$16,296
Net Income (Loss)	\$19,753	\$(1,687)
Net Income (Loss) Per Share	\$0.54	\$(0.05)
Adjusted Net Income <sup>(1)</sup>	\$12,995	\$7,654
Adjusted Net Income Per Share <sup>(1)</sup>	\$0.35	\$0.22
Cash Flow <sup>(1)</sup>	\$35,337	\$16,715
Cash Flow Per Share <sup>(1)</sup>	\$0.96	\$0.48

<sup>(1)</sup> Adjusted Net Income, Adjusted Net Income Per Share, Cash Flow and Cash Flow Per Share are measures used by the Company to evaluate its performance; however, they are not terms recognized under IFRS in Canada. Adjusted Net Income is defined as net income adjusted for certain items of a non-operational nature that pertain to future periods as described in further detail in the Management’s Discussion and Analysis under the heading Adjusted Net Income. Cash Flow is defined as cash flow from operations before net change in working capital balances. Adjusted Net Income and Cash Flow Per Share are the same measures divided by the weighted average number of common shares outstanding during the period. *The Company believes these measures are useful to investors because they are included in the measures that are used by management in assessing the financial performance of the Company.*

Revenues were \$97.2 million in the March 2011 quarter compared to \$69.3 million in the 2010 quarter. The March 2011 quarter includes two concentrate shipments from the Mount Polley mine and three concentrate shipments from the Huckleberry mine, compared to two concentrate shipments from each mine in the comparative quarter. Variations in quarterly revenue attributed to the timing of concentrate shipments can be expected in the normal course of business.

Income before taxes for the three months ended March 2011 increased to \$34.1 million from \$2.0 million in the March 2010 quarter. The Company recorded a net income of \$19.8 million in the March 2011 quarter compared to net loss of \$1.7 million in the 2010 quarter. Adjusted net income in the quarter was \$13.0 million or \$0.35 per share, versus \$7.7 million or \$0.22 per share in the March 2010 quarter. Adjusted net income is calculated by removing the unrealized gains and losses, net of related income taxes, resulting from mark to market revaluation of copper and foreign exchange derivative instruments and removing the unrealized share based compensation expense, net of taxes. Adjusted net income is not a term recognized under IFRS in Canada however, it does show the current period financial results excluding the effect of items not settling in the current period.

Gains on derivative instruments were \$2.8 million in the March 2011 quarter compared to losses of \$1.1 million in the March 2010 quarter including unrealized net gains on copper and currency derivatives of \$9.2 million in the March 2011 quarter compared to unrealized gains of \$0.4 million in the March 2010 quarter. The Company realized losses of \$6.4 million on copper and currency derivatives in the March 2011 quarter compared to losses of \$1.5 million in the March 2010 quarter.

Cash flow increased to \$35.3 million in the March 2011 quarter compared to \$16.7 million in the 2010 quarter. The \$18.6 million increase is primarily the result of improved operating margins resulting from substantially higher copper prices partially offset by the effect of the weaker US dollar and higher sales volumes from the Mount Polley and Huckleberry mines.

Capital expenditures increased to \$11.2 million from \$9.4 million in the comparative 2010 quarter. Expenditures in the March 2011 quarter were financed from cash flow from the Mount Polley and Huckleberry mines. At March 31, 2011 the Company had \$41.4 million in cash, cash equivalents and short term investments.

During the March 2011 quarter the Company did not purchase any common shares for cancellation.

### Mount Polley Mine

Production	Three Months Ended	
	March 31, 2011	March 31, 2010
Ore milled (tonnes)	1,714,950	1,824,269
Ore milled per calendar day (tonnes)	19,055	20,270
Grade % - copper	0.279	0.318
Grade g/t - gold	0.260	0.306
Recovery % - copper	58.50	62.20
Recovery % - gold	64.30	71.20
Copper (lbs)	6,163,206	7,945,511
Gold (oz)	9,232	12,769
Silver (oz)	22,815	32,524

Mill throughput averaged 19,055 tonnes per day for the March 2011 quarter as adverse winter weather conditions impacted the plant more than the mild winter conditions seen in the March 2010 quarter. With the lower through-put copper grade and copper recovery, copper production for the March 2011 quarter was 6.1 million pounds, a decrease of 1.8 million pounds from the March 2010 quarter total of 7.9 million pounds. Production is expected to increase in the 2011 second quarter as weather conditions improve, and grades increase as mining moves deeper in the phase three pushback of the Springer pit. In April 2011 through-put increased to 22,087 tonnes per day, grades increased to 0.292% copper, and approximately 2.4 million pounds of copper were produced. Shipments of magnetite began in the February 2011 quarter, and to the end of April 2011, approximately 10,000 tonnes of dense media magnetite was shipped.

Surface and underground drilling were conducted during the March 2011 quarter with 40 holes drilled from surface in the WX/C2/Cariboo and Boundary areas, and 16 holes from underground in the Boundary zone. Exploration expenditures at Mount Polley were \$3.0 million in the March 2011 quarter compared to \$1.1 million in the March 2010 quarter. Two surface drills and an underground drill are on site, with surface drilling focused on the WX/C2/Cariboo area and the underground drill delineating the Boundary zone.

The wholly owned Mount Polley open pit copper/gold mine is located 56 kilometres northeast of Williams Lake, British Columbia.

### Huckleberry Mine

Production (100% - Imperial owns 50%)	Three Months Ended	
	March 31, 2011	March 31, 2010
Ore milled (tonnes)	1,360,100	1,368,600
Ore milled per calendar day (tonnes)	15,112	15,206
Grade (%) – copper	0.477	0.376
Grade (%) – molybdenum	0.008	0.008
Recovery (%) – copper	92.3	91.0
Copper (lbs)	13,194,000	10,326,000
Gold (oz)	877	716
Silver (oz)	74,064	47,819
Molybdenum (lbs)	6,929	21,793

Copper production was up to 13.2 million pounds compared to 10.3 million in the March 2010 quarter, as high grade was mined from the lower benches of the Main Zone Extension pit. Copper recovery was excellent at 92.3%. Quarterly production at Huckleberry is expected to decline as low grade stockpiles will provide the majority of feed for the remainder of 2011.

Work continues on the feasibility study for expansion of the Main Zone pit. The study is expected to be completed this summer. The plan could potentially add eight years to Huckleberry's mine life. Imperial owns 50% of the Huckleberry open pit copper/molybdenum mine located 123 kilometres southwest of Houston, British Columbia.

## **Red Chris**

At Red Chris, exploration drilling continued to target mineralization deep beneath the proposed open pit outline. The current drill program was completed on May 7, 2011 and drilling has now been suspended. A total of 9 deep drill holes totalling 11,650.2 metres and 15 geotechnical drill holes totalling 807.8 metres were completed during the quarter.

The Red Chris copper/gold property in northwest British Columbia is 80 kilometres south of Dease Lake and 18 kilometres southeast of the village of Iskut.

## **Sterling**

Underground development work continued with 235.3 metres of development completed in the March 2011 quarter. Sixty percent of the development was in mineralized zones, with 65.0 metres on the 3180 East level and 70.1 metres on the 3220 level. Samples of run of mine mineralization were collected and are being tested on site to determine expected heap leach recovery. On-site column testing to date indicated a gold recovery of 75% would be expected from run of mine material from the 144 zone.

The Sterling gold property is located 185 kilometres northwest of Las Vegas, Nevada.

## **Ruddock Creek**

At the Ruddock Creek property, underground development and drilling continued with 257.0 metres of ramp drilling, and 36 holes totaling 6,950.3 metres of underground drilling, being completed in the March 2011 quarter.

The Ruddock Creek zinc/lead property is located 155 kilometres northeast of Kamloops in the Script Range of the Monashee Mountains of southeast British Columbia.

## **Outlook**

At current metal prices it is expected to generate sufficient cash flow to fund the Company's exploration and development plans. The Company expects to continue to utilize short term debt facilities to manage its day to day financing needs, but is looking at alternatives to secure debt financing that will be required to fund 2012 and 2013 construction costs for the Red Chris project.

Exploration activities at Red Chris will be scaled back this year as the focus shifts to permitting, engineering and procurement for the development of a 30,000 tonne per day mine at Red Chris.

Underground development and drilling will continue to define and expand resources at the Sterling and Ruddock properties.

The feasibility study of a plan to dramatically extend the life of Huckleberry mine is expected to be completed this summer. Indications are the plan could extend the mine life by eight years, from 2013 to 2021.

The underground drill results from Mount Polley to date, have confirmed the presence of excellent grades over mineable widths. When all the results from this current drill program have been received, a test stope will be planned and conducted to collect information required to make a decision to develop and underground mine at Mount Polley.

## Outlook for 2011

### Operations, Earnings and Cash Flow

Imperial's production from the Mount Polley mine and its share from the Huckleberry mine is expected to be about 51.5 million pounds of copper, 45,400 ounces of gold and 149,000 ounces of silver during 2011. At current metal prices it is expected to generate sufficient cash flow for repayment of debt and fund the Company's exploration and development plans. Cash flow protection for 2011 is supported by derivative instruments that will see the Company receive certain minimum average copper prices and exchange rates as disclosed under the heading Derivative Instruments. However, the quarterly revenues will fluctuate depending on copper and gold prices, the US Dollar/CDN Dollar exchange rate, and the timing of concentrate sales which is dependant on the availability and scheduling of transportation.

### Exploration

The Company's plans for 2011 include exploration at its Mount Polley, Red Chris, Ruddock Creek and Sterling properties. The exploration at Ruddock Creek will be funded by joint venture partners earning an interest in the project. Ongoing exploration at Mount Polley in 2011 will continue to focus on defining underground higher grade mineralization at the Boundary zone, and further testing of the mineralized zones in the vicinity of the Springer pit. At Red Chris, the drill program was completed which investigated the mineralization located beneath the planned open pit. Two diamond drills were in operation until May 7, 2011, completing a total of 11,650 metres of diamond drilling this year. Underground development and drilling will continue in the 144 Zone at the Sterling property. Some surface drilling may be conducted to test near surface mineralization in the vicinity of the historic Sterling workings.

The Company continues to evaluate exploration opportunities both on currently owned properties and new prospects.

### Development

At the Mount Polley mine, the circuit installed in late 2010 to recover fine magnetite from the tailings, was commissioned and approximately 10,000 tonnes of dense media magnetite had been shipped to coal mines to the end of April 2011.

The initial underground holes in the Boundary zone are proving the continuity of high grade copper, gold and silver mineralization hosted in a brecciated monzonite. The current underground exploration program has been designed to supplement previously reported surface drilling, and provide detailed information on the geometry of Boundary zone breccias. It is expected the Boundary zone program will provide sufficient information to design a test stope. The test mining of a stope should provide the geotechnical and cost information required to make a decision whether to develop an underground mining operation at Mount Polley that would supplement the current open pit mining operation.

The focus at Red Chris in 2011 will be on permitting, engineering, procurement and development. We are already well along the way on permitting, and have started engineering and procurement, and hope to complete some site work this year. Mine construction is anticipated to begin in Spring 2012, and mine operations beginning in early 2014.

At Huckleberry a mine plan for extending the mine life, by expanding the Main Zone pit, is currently under development. A study, which includes the construction of a new tailings storage facility, is expected to be completed by the third quarter of 2011.

### Financing

Based on current plans and assumptions, the Company expects to have sufficient cash resources to support its normal operating requirements on an ongoing basis. The Company expects to continue to utilize short term debt facilities to manage its day to day financing needs. The Company is looking at alternatives to secure debt financing that will be required to fund 2012 and 2013 construction costs for the Red Chris project.

Detailed financial information is provided in the Company's Management's Discussion & Analysis contained in the First Quarter Report available on [www.sedar.com](http://www.sedar.com) and [www.imperialmetals.com](http://www.imperialmetals.com).

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CAUTIONARY NOTE REGARDING "FORWARD-LOOKING INFORMATION":

THIS INFORMATION IS A REVIEW OF THE COMPANY'S OPERATIONS AND FINANCIAL POSITION AS AT AND FOR THE PERIOD ENDED MARCH 31, 2011, AND PLANS FOR THE FUTURE BASED ON FACTS AND CIRCUMSTANCES AS OF MAY 26, 2011. EXCEPT FOR STATEMENTS OF HISTORICAL FACT RELATING TO THE COMPANY, INCLUDING OUR 50% INTEREST IN HUCKLEBERRY, CERTAIN INFORMATION CONTAINED HEREIN CONSTITUTES FORWARD-LOOKING STATEMENTS. WHEN WE DISCUSS MINE PLANS; OUR COSTS AND TIMING OF CURRENT AND PROPOSED EXPLORATION; DEVELOPMENT; PRODUCTION AND MARKETING; CAPITAL EXPENDITURES; THE CONSTRUCTION OF THE NORTHWEST TRANSMISSION LINE; CASHFLOW; 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; ACQUISITION OF MINORITY INTEREST IN AMERICAN BULLION MINERALS LTD.; RECEIPT OF PERMITS; OR OTHER THINGS THAT HAVE NOT YET HAPPENED IN THIS REVIEW WE ARE MAKING STATEMENTS CONSIDERED TO BE *FORWARD-LOOKING INFORMATION* OR *FORWARD-LOOKING STATEMENTS* UNDER CANADIAN AND UNITED STATES SECURITIES LAWS. WE REFER TO THEM IN THIS REVIEW AS *FORWARD-LOOKING INFORMATION*.

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

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

IF OUR ASSUMPTIONS PROVE TO BE INCORRECT OR RISKS MATERIALIZE, OUR ACTUAL RESULTS AND EVENTS MAY VARY MATERIALLY FROM WHAT WE CURRENTLY EXPECT AS SET OUT IN THIS REVIEW.

WE RECOMMEND YOU REVIEW THE COMPANY'S MANAGEMENT'S DISCUSSION & ANALYSIS IN THE QUARTER FINANCIAL REPORT AND THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010 WHICH INCLUDES A DISCUSSION OF MATERIAL RISKS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM OUR CURRENT EXPECTATIONS. FORWARD-LOOKING INFORMATION IS DESIGNED TO HELP YOU UNDERSTAND MANAGEMENT'S CURRENT VIEWS OF OUR NEAR AND LONGER TERM PROSPECTS, AND IT MAY NOT BE APPROPRIATE FOR OTHER PURPOSES. WE WILL NOT NECESSARILY UPDATE THIS INFORMATION UNLESS WE ARE REQUIRED TO BY SECURITIES LAWS.