

NEWS RELEASE

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MOUNT POLLEY UPDATE ON MINERAL RESOURCE ESTIMATE AND EXPLORATION DRILLING

Vancouver – **May 29, 2012 - Imperial Metals Corporation (III-TSX)** reports a 73% increase in the Measured and Indicated resource estimate for its wholly owned Mount Polley open pit copper/gold mine located in central British Columbia.

The new Measured and Indicated resource estimate for Mount Polley is 361 million tonnes grading 0.284% copper, 0.297 g/t gold and 0.846 g/t silver. This is an increase of 73% over the Measured and Indicated resource estimate of 208.2 million tonnes of 0.317 % copper and 0.291 g/t gold last reported in 2010 (ref: May 17/10).

MOUNT POLLEY MINE RESOURCE* ESTIMATE MARCH 2012

Class	Tonnes	CuEq %	Grade			Contained Metal		
			Copper %	Gold g/t	Silver g/t	Copper lbs	Gold oz	Silver oz
Measured + Indicated	361,140,423	0.487	0.284	0.297	0.846	2,258,680,767	3,447,196	9,827,350
Inferred	33,280,789	0.351	0.188	0.242	0.592	138,209,476	258,752	633,934

*break down by zone is provided in table below

Historically the Mount Polley resource did not include the estimated reserve. To conform to industry practice and to the other Imperial properties, the Company is reporting the Mount Polley resource estimate including the estimated reserve. The reserve is the economically minable part within the Measured and Indicated resource.

As disclosed in a prior news release (ref: Mar 30/12), the total Mount Polley reserve, which is now contained within the resource, is 87.3 million tones of 0.292% copper, 0.302 g/t gold and 0.407* g/t silver compared to 45.8 million tonnes of 0.306% copper, 0.262 g/t gold and 0.471 g/t silver at January 1, 2011. The reserve increase is a result of a complete re-evaluation of the Springer, Cariboo, C2 and WX deposits at Mount Polley, prompted by a combination of continuing exploration success and strong metal prices. This reserve estimate incorporates a single larger open pit⁽¹⁾ encompassing the Cariboo, C2, WX and Springer zones and extends the current mine life for Mount Polley from 2016 to the second quarter of 2023.

MOUNT POLLEY PROVEN & PROBABLE RESERVE BY PIT MARCH 2012

Zone	Tonnes	CuEq%	Grade			Contained Metal		
			Copper%	Gold g/t	Silver g/t	Copper lbs	Gold oz	Silver oz
C2	3,297,658	0.545	0.303	0.363	0.217	22,013,611	38,486	23,007
Cariboo	11,609,964	0.455	0.231	0.332	0.338	59,150,800	123,925	126,165
Springer	63,661,703	0.477	0.299	0.264	0.366	419,051,838	540,837	749,464
WX	8,125,910	0.635	0.293	0.507	0.609	52,524,966	132,456	159,104
Boundary	598,482	1.067	0.641	0.574	4.367	8,454,801	11,045	84,028
Total Reserve	87,293,717	0.496	0.292	0.302	*0.407	561,196,016	846,749	1,141,768

*silver value has been updated since Mar 30/12 news release as silver grades are now estimated for the entire model

MOUNT POLLEY MINE RESOURCES BY ZONE INCLUDING PIT RESERVES: MARCH 2012

Zone	Tonnes	CuEq%	Grade			Contained Metal		
			Copper %	Gold g/t	Silver g/t	Copper lbs	Gold oz	Silver oz
Boundary/Zuke								
Measured	4,042,708	0.816	0.538	0.374	3.143	47,931,716	48598	408528
including >\$40.00/t	806,938	2.331	1.507	1.127	7.601	26,803,824	29236	197193
including >\$100.00/t	238,271	3.749	2.462	1.781	10.763	12,933,220	13640	82447
Indicated	936,092	0.481	0.336	0.191	1.967	6,936,124	5739	59202
including >\$40.00/t	58,337	1.878	1.312	0.752	6.668	1,687,617	1410	12507
including >\$100.00/t	6,793	3.281	2.254	1.389	10.322	337,511	303	2254
Inferred	13,107	0.626	0.422	0.264	2.653	122,055	111	1118
Northeast								
Measured	19,058,806	0.744	0.568	0.201	3.984	238,698,825	123164	2441215
including >\$40.00/t	3,656,844	1.263	0.972	0.325	7.153	78,361,457	38210	840980
including >\$80.00/t	364,624	2.351	1.799	0.614	13.708	14,462,067	7198	160698
Indicated	2,120,302	0.701	0.485	0.271	3.984	22,661,577	18474	271586
including >\$40.00/t	346,668	1.217	0.853	0.453	6.029	6,520,703	5049	67197
including >\$80.00/t	77,772	2.124	1.370	1.017	7.536	2,348,778	2543	18843
Inferred	2,526,849	0.437	0.325	0.140	1.793	18,115,888	11374	145663
Springer								
Measured	70,725,358	0.504	0.312	0.284	0.668	486,629,829	644643	1517810
Indicated	110,351,979	0.455	0.275	0.269	0.565	668,782,144	955449	2004563
Inferred	10,827,805	0.334	0.173	0.242	0.398	41,249,052	84106	138553
WX								
Measured	24,887,978	0.585	0.272	0.471	0.862	149,350,795	377119	689904
Indicated	18,760,416	0.414	0.197	0.326	0.849	81,643,087	196691	511843
Inferred	11,861,315	0.342	0.163	0.270	0.802	42,492,864	103117	305957
Bell								
Measured	9,562,373	0.420	0.233	0.238	*	49,119,214	73170	*
Indicated	976,160	0.376	0.227	0.190	*	4,885,136	5963	*
Inferred	828,312	0.372	0.236	0.174	*	4,309,588	4634	*
C2								
Measured	20,323,478	0.410	0.228	0.275	0.129	101,976,498	179820	84160
Indicated	28,005,408	0.447	0.257	0.287	0.132	158,550,175	258773	119212
Inferred	4,914,231	0.328	0.187	0.213	0.124	20,281,086	33590	19592
Southeast								
Measured	15,887,500	0.437	0.168	0.420	1.078	58,842,979	214534	550637
Indicated	3,587,555	0.404	0.145	0.402	1.090	11,468,229	46368	125723
Inferred	70,105	0.425	0.226	0.310	0.869	349,755	699	1959
Pond								
Measured	4,083,122	0.659	0.372	0.217	5.393	33,441,133	28487	707968
including >\$40.00/t	478,711	2.086	1.600	0.471	16.433	16,882,694	7249	252919
Indicated	565,619	0.446	0.166	0.202	3.765	2,071,207	3673	68467
including >\$40.00/t	16,949	1.408	0.933	0.541	10.880	348,735	295	5929
Cariboo								
Measured	16,477,868	0.426	0.224	0.305	0.305	81,372,721	161476	161476
Indicated	10,787,701	0.429	0.228	0.303	0.303	54,319,380	105056	105056
Inferred	2,239,065	0.423	0.229	0.293	0.293	11,289,187	21121	21092
Total Resource								
Meas/Ind	361,140,423	0.487	0.284	0.297	0.846	2,258,680,767	3447196	9827350
Inferred	33,280,789	0.351	0.188	0.242	0.592	138,209,476	258752	633934

* no data

RESERVE/RESOURCE CALCULATION PARAMETERS

The parameters used in this updated resource are based on updated pit designs and the current Mount Polley production schedule. The ultimate pit designs were based on US\$2.75 copper, US\$1,250.00 gold, US\$20.00 silver and US\$0.95 exchange rate.

The economic mineral reserves and resources at Mount Polley mine were calculated as follows:

- A 3D block model was constructed using MineSight Mining Software.
- The property was zoned based on geological zones, the blocks and drill holes were then coded to reflect the zones.
- The drill holes were composited to 5 metre down the hole composites.
- Mineralized zones were identified within the geological zones, by kriging an indicator to identify the blocks that have a high probability of having greater than a 0.15% copper grade.
- The drill hole composites were then coded to match the indicator codes in the block model.
- Outlier grades were capped, and variograms for Cu, Au, Ag and Fe in each zone were generated.
- Grades were kriged into the block model, using zone and indicator matching.
- An oxide ratio number for each block was interpolated using an ID3 method, with zone and indicator matching. The oxide ratio number is used in the mill recovery formula.
- The mill recoverable grades were calculated using formulas based on historic recoveries as well as on and off site metallurgical test work.
- A dollar value was calculated for each block based on the metals prices, US/Can Exchange Rate, and mining, shipping and smelting costs.
- Lerchs-Grossman pit optimization software was used to identify economic pit shell based on the above economic parameters. Pit designs were created using the economic pit shells and design parameters from Golder Geotechnical Consultants of Vancouver.

Resource values were identified by summing all blocks that having a block grade greater than 0.25 copper equivalent. The copper equivalent was calculated using relative recovery and metal price for copper, gold and silver.

$$\text{EqCu\%} = \text{Copper\%} + \text{Gold gpt} / 1.510 + \text{Silver gpt} / 94.3$$

The resources were classified as inferred, indicated and measured based on the following three items; minimum number of drill holes used in the estimate, minimum number of composites, and the maximum distance to the nearest composite.

The ore reserves and resources were calculated and verified by Art Frye, Manager of Mining, Mount Polley Mining Corporation, and Greg Gillstrom, P. Eng., Geological Engineer, Imperial Metals Corporation, the designated Qualified Person as defined by National Instrument 43-101. Mr. Frye and Mr. Gillstrom have reviewed the contents of this release.

EXPLORATION UPDATE

The 2012 exploration drilling^{(1) (2)} conducted to date has been focused below the north end of Springer pit, where the current model shows copper/gold mineralization continuing at depth below the 2023 pit design. The 2012 drilling, located within the Springer pit, drilled through about 100 to 200 metres within the current 2023 mine plan. All 17 Springer drill holes totalling 7,976 metres have encountered significant copper/gold mineralization to depths in excess of 450 metres below the proposed pit. Drill holes SD12-111 to SD12-119 (partial) are included in the resource update. Additional drill results beyond SD12-119 will continue to increase the tonnage and confidence level of future resource calculations. Silver analysis has not yet been completed for any of the intervals reported.

The mineralization encountered is characterized by very fine disseminated copper sulphides (chalcopyrite and bornite) in a classic alkalic porphyry environment. Intense potassic alteration obscures the protolith texture and identity, similar to other mineralized areas at Springer zone. Mineralization is relatively continuous, but is occasionally cut by barren post-mineral dykes. In the mineralized intercepts, gold grades in grams per tonne are about the same as the copper grade in percent.

Selected significant intercepts from the Springer zone⁽³⁾:

Springer Drill Hole #	Total Length (m)	Depth to Planned Pit bottom (m)	Interval from (m)	Interval to (m)	Interval Length (m)	Copper %	Gold g/t
SD12-112	383.1	163.0	12.5	345.0	332.5	0.22	0.27
SD12-114	422.8	135.0	5.0	422.8	417.8	0.33	0.36
including			45.0	72.5	27.5	1.13	1.04
SD12-117	791.6	Outside of pit	432.5	744.7	312.2	0.30	0.31
SD12-122	325.2	212.0	3.7	305.0	301.3	0.32	0.26
SD12-124	456.3	130.0	212.5	432.5	220.0	0.36	0.43
SD12-125	651.4	110.0	3.7	197.5	193.8	0.31	0.23
			245.0	500.0	255.0	0.28	0.31
			553.8	587.5	33.7	0.32	0.37

Exploration drilling continues at Mount Polley with two surface diamond drills, and over the summer season field crews will work on new and existing prospects by geologic mapping, prospecting, trenching, ground magnetometer surveying and geochemical sampling in an effort to generate new targets.

In addition, underground development continues at the Boundary zone with 286 metres of ramp and cross-cuts completed from January to April this year. Mount Polley plans to develop and mine one of the numerous mineralized breccia bodies that comprise this zone to determine the best mining method.

Steve Robertson, P.Geo., the designated Qualified Person as defined by National Instrument 43-101 for the exploration programs, has reviewed this news release. Mount Polley samples for the diamond drilling reported were analyzed at the Mount Polley mine laboratory and at Acme Analytical Laboratories in Vancouver. A full QA/QC program using blanks, standards and duplicates was maintained for all diamond drilling samples submitted to the labs. The porphyry and breccia related mineralized areas at Mount Polley are irregular in shape and true thicknesses have not been estimated.

Imperial is a mine development and operating company based in Vancouver, British Columbia. The Company's key properties are two open pit mines: Mount Polley copper/gold mine and Huckleberry copper/molybdenum mine, both in British Columbia, as well as development stage Red Chris copper/gold property in British Columbia and Sterling gold property in Nevada.

Documents available on www.imperialmetals.com:

(1) Springer pit drill plan; (2) Springer pit vertical section; (3) Springer pit assay results

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WHEN WE DISCUSS CURRENT AND FUTURE EXPLORATION PROGRAMS, EXPLORATION RESULTS, AND EXPECTATIONS OR ASSUMPTIONS BASED ON THOSE RESULTS, 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 NEWS RELEASE AS *FORWARD-LOOKING INFORMATION*. THE FORWARD-LOOKING INFORMATION IN THIS NEWS RELEASE TYPICALLY INCLUDES WORDS AND PHRASES ABOUT THE FUTURE, SUCH AS: *PLAN, EXPECT, FORECAST, INTEND, ANTICIPATE, ESTIMATE, BUDGET, SCHEDULED, BELIEVE, MAY, COULD, WOULD, MIGHT AND WILL*.

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