



NEWS RELEASE

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Red Chris Project Update

Vancouver – **November 2, 2012 - Imperial Metals Corporation (III-TSX)** provides an update on its Red Chris copper/gold development project in northwest British Columbia, located 80 kilometres south of Dease Lake.

RED CHRIS CONSTRUCTION UPDATE

Construction at Red Chris is well underway with completion of the excavation in the process plant area, and the start of concrete placement on September 24. The access road from the plant area to the tailings impoundment area (TIA) was completed in September, enabling haulage to the process plant of concrete aggregates produced from a gravel source located within the TIA. Red Chris is on schedule for plant start-up in 2014.

Work at Red Chris is currently being financed through cash flow from existing operations and an existing \$75 million credit facility from the Company's bankers. To provide Imperial with additional working capital, the Company's bankers have agreed to increase Imperial's credit facility from \$75 million to \$150 million, and to extend the maturity date of the entire credit facility to September 30, 2013. The additional \$75 million has been guaranteed by Mr. N. Murray Edwards, a significant shareholder of the Company. In consideration of the guarantee, Mr. Edwards will receive an annual fee of \$472,500 representing 0.63% of the additional \$75 million. Payment of the guarantee fee to Mr. Edwards constitutes a related party transaction within the meaning of *Multilateral Instrument 61-101*. Management considers the increased credit facility to be advantageous as it lowers borrowing costs on reasonable market based commercial terms. The loan and guarantee transactions were reviewed and approved by the independent members of the Company's Board of Directors and the guarantee fee is exempt from the formal valuation and minority interest approval requirements of *Multilateral Instrument 61-101* as it represents less than 25% of the Company's market capitalization. The material change report in relation to this transaction will be filed less than 21 days before closing as the Company intends to complete this transaction as soon as is commercially feasible.

The Company's forecast cash flow and the increased credit facility will support Red Chris construction until mid 2013 and will enable the Company to substantially reduce the risk related to the development prior to completing additional financing, as more than 50% of development costs are projected to be spent or committed by that date. This will also enable the Company to finalize arrangements for power supply with BC Hydro prior to completing additional financing.

RED CHRIS EXPLORATION UPDATE

Exploration drilling was suspended when construction began in May 2012 and the project focus shifted to mine development.

Results from seven diamond drill holes completed prior to the program suspension in May have been received. Drill hole RC12-580, which intersected 605.8 metres grading 0.39% copper, 0.43 g/t gold and 2.00 g/t silver, extends the deep mineralization discovered below the Gully zone⁽²⁾. Two higher grade intervals within the reported interval in RC12-580 are 47.5 metres grading 1.00% copper, 1.06 g/t gold and 3.87 g/t silver and 95.0 metres grading 0.77% copper, 0.73 g/t gold and 2.69 g/t silver. These two intervals contain breccia fragments displaying alteration and mineralization very similar to the high grade feeder system observed in the deep portions of the East zone. The presence of the breccia fragments supports the exploration model that the Gully zone mineralization is related to a separate feeder system to the one defined below the East zone. The drill hole was collared approximately 200 metres grid north from previously reported hole RC11-477, which intersected 807.5 metres grading 0.31% copper, 0.29 g/t gold and 1.61 g/t silver. Drill hole RC11-566 is collared approximately 1.25 kilometres east of RC12-584. It intersected the Red Stock and a lesser amount of Stuhini sedimentary rocks. The drill core was hydrothermally altered but contained no significant intervals of copper/gold mineralization.

The Gully zone drill holes completed in 2011 have now been assayed for silver. The silver assays were not available at the time of the original news release (ref: Dec 7/11). Silver is now recognized as an important component of the Red Chris system and appears to be ubiquitous in areas of copper/gold mineralization. The silver:gold and silver:copper ratio displayed in

Gulley zone is similar to other parts of the Red Chris system. The table of drill results now includes silver assays for these holes and is available on the Company website⁽³⁾.

Holes RC12-582 and 583 were drilled at the north side of the Saddle zone⁽¹⁾ where the mineralization continues to the north at depth. These two drill holes help to define ore limits at depth in the Saddle zone.

Steve Robertson, P.Geo., the designated Qualified Person as defined by National Instrument 43-101 for the exploration programs at Red Chris, has reviewed this news release. Samples for the diamond drilling reported at Red Chris were analyzed both at Acme Analytical Laboratories in Vancouver and at Imperial's Mount Polley mine assay lab. A full QA/QC program using blanks, standards and duplicates was maintained for all samples submitted to the labs. The Red Chris porphyry mineralization may be irregular in shape so true thicknesses have not been estimated.

The Red Chris property lies at an elevation of 1,500 metres above sea-level on a plateau with topography and climate favourable to mining operations in northwest British Columbia. Access to the property is currently from pavement at Highway 37, six kilometres along the Ealue Lake Road, and 17 kilometres along the Red Chris access trail. A permanent access road is currently under construction which will directly connect the Red Chris property to Highway 37 bypassing the Ealue Lake Road.

Imperial is an exploration, mine development and operating company based in Vancouver, British Columbia. The Company operates the Mount Polley open pit copper/gold mine and has 50% interest in the Huckleberry open pit copper/molybdenum mine. Imperial is developing its wholly owned Red Chris copper/gold property and the Ruddock Creek lead/zinc property (65% joint venture) and is operator of its wholly owned Sterling gold heap leach property. All the Company's properties are located in British Columbia with the exception of Sterling which is in Nevada, USA.

Documents available on www.imperialmetals.com: ⁽¹⁾ Red Chris drill plan map; ⁽²⁾ Red Chris Gully zone cross section; ⁽³⁾ Red Chris drill results

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