
Imperial Files Final Rights Offering Circular and Provides Pricing on Financings

Vancouver – **July 20, 2015** | **Imperial Metals Corporation (the “Company”) (III-TSX)** reports that it has filed with all securities regulatory authorities in Canada and the Toronto Stock Exchange (“TSX”) the final rights offering circular (the “Rights Offering Circular”) in respect of the proposed issue to holders of its common shares as of the close of business on July 27, 2015 (the “Record Date”) of rights (“Rights”) to subscribe for common shares of the Company (the “Rights Offering”).

The Company previously announced its intention to raise approximately \$80 million in gross proceeds from a combination of the Rights Offering, a private placement of common shares of the Company (the “Common Share Private Placement”) and a private placement of convertible debentures (the “Convertible Debenture Private Placement”). The Company intends to use the aggregate net proceeds of the Rights Offering, Common Share Private Placement and Convertible Debenture Private Placement (collectively, the “Financings”) to repay the \$30 million line of credit from Edco Capital Corporation which was advanced in May 2015, to support the ongoing ramp up of production at the Red Chris mine, to fund the restart operations at the Mount Polley mine and to provide working capital for the Company.

The terms of the Financings are summarized below.

Rights Offering

Pursuant to the Rights Offering, each holder of outstanding common shares of the Company will receive one transferable Right for each common share held. Every 13.73 Rights will entitle a holder to purchase one additional common share at a price of \$8.00 (the “Subscription Price”). The Subscription Price is approximately 84.57% of the volume weighted average trading price on the common shares on the TSX for the 5 day period ending on July 16, 2015. A maximum of 5,500,797 common shares will be issued pursuant to the Rights Offering, which are expected to represent approximately 7.28% of the issued and outstanding common shares of the Company upon completion of the Financings (on a non-diluted basis and assuming no convertible securities are exercised between the date hereof and closing). The Rights will commence trading on the TSX on July 23, 2015 and expire at the close of business on August 20, 2015.

Overallocation subscription privileges will be extended to all shareholders that fully exercise their Rights, allowing them to purchase *pro rata*, if available, additional common shares that were not otherwise subscribed for in the Rights Offering.

N. Murray Edwards has advised that he intends to exercise all of his Rights and cause all of his affiliates to do so, and Fairholme Capital Management, LLC has advised that it intends to exercise not less than 13,667,809 of the Rights to be received by certain funds or accounts over which it exercises discretionary management authority.

The Rights Offering is expected to raise approximately \$44 million in gross proceeds.

Private Placement of Common Shares

Under the Common Share Private Placement, the Company intends to issue, on a non-brokered private placement basis, an aggregate of 714,286 common shares of the Company at a price of \$8.40 per common share and is expected to raise approximately \$6 million in gross proceeds. The subscription price of common shares under the Common Share Private Placement is approximately 88.79% of the volume weighted average trading price on the common shares on the TSX for the 5 day period ending on July 16, 2015. The 714,286 common shares to be issued pursuant to the Common Share Private Placement are expected to represent approximately 0.95% of the issued and outstanding common shares of the Company upon completion of the Financings (on a non-diluted basis and assuming no convertible securities are exercised between the date hereof and closing).

N. Murray Edwards and The Fairholme Partnership, LP have advised that they intend to purchase approximately \$2.4 million and approximately \$1.9 million of the Common Share Private Placement, respectively.

Private Placement of Convertible Debentures

Under the Convertible Debenture Private Placement, the Company intends to issue, on a non-brokered private placement basis, convertible debentures in the aggregate principal amount of \$30 million. Each \$12.00 of the principal amount is convertible into one common share of the Company upon at least 61 days advance notice. The convertible debentures are not callable unless the closing price of Company's common shares exceeds 125% of the conversion price for at least 30

consecutive days. Interest at 6% per annum will be payable semi-annually, with the first payment due on June 30, 2016. The conversion premium on common share price under the Convertible Debenture Private Placement is approximately 26.85% of the volume weighted average trading price on the common shares on the TSX for the 5 day period ending on July 16, 2015. Up to 2,500,000 common shares are expected to be issued if all the convertible debentures issued pursuant to the Convertible Debenture Private Placement were converted into common shares of the Company. N. Murray Edwards and The Fairholme Partnership, LP have advised that they intend to purchase approximately \$15 million and approximately \$7.5 million of the convertible debentures, respectively.

Backstops

N. Murray Edwards (“Edwards”) and The Fairholme Partnership, LP (“Fairholme” and, together with Edwards, the “Guarantors”) have committed to purchase 66.67% and 33.33%, respectively, of all the common shares which remain unsubscribed for by the holders of the Rights. In addition, the Guarantors intend to purchase 66.67% and 33.33%, respectively, of (i) all the common shares which remain unpurchased pursuant to the Common Share Private Placement; and (ii) all the convertible debentures which remain unpurchased under the Convertible Debenture Private Placement.

In exchange for backstopping the Financings, the Company will pay the Guarantors a fee (the “Fee”) of 3% of the gross proceeds of the Financings, excluding proceeds from (i) the exercise of Rights issued in respect of common shares owned or over which the Guarantors or their affiliates have control and (ii) the sale of common shares and convertible debentures the Guarantors or their affiliates have committed to purchase pursuant to the Common Share Private Placement and the Convertible Debenture Private Placement.

The Rights Offering Circular will be sent to all registered shareholders of record on July 27, 2015 along with a rights certificate, subject to applicable law.

Related Party Matters

Edwards, together with his associates and affiliates, holds approximately 36.03% of the outstanding common shares of the Company on a non-diluted basis. Fairholme and its affiliates hold approximately 21.70% of the outstanding common shares of the Company on a non-diluted basis. Accordingly, the participation of the Guarantors in the Financings and the payment of the Fee (collectively, “Transactions”) would each be considered to be a “related party transaction” as defined under Multilateral Instrument 61-101 (“MI 61-101”). The Transactions will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the Company nor, to the knowledge of the Company after reasonable inquiry, the Guarantors, has knowledge of any material information concerning the Company or its securities that has not been generally disclosed; and at the time the Financings were agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Financings, insofar as the Financings involve the Guarantors, exceeds 25% of the Company's market capitalization. In addition, the participation of the Guarantors and any directors or officers of the Company in the Rights Offering is not subject to the requirements of Part 5 of MI 61-101 as a result of the exemption for rights offerings in section 5.1(k) thereof.

About Imperial

Imperial is an exploration, mine development and operating company based in Vancouver, British Columbia. The Company, through its subsidiaries, owns the Mount Polley copper/gold mine in British Columbia, the Sterling gold mine in Nevada and the Red Chris copper/gold mine in northern British Columbia. The Red Chris mine is in its commissioning phase. Imperial also has a 50% interest in the Huckleberry copper mine and a 50% interest in the Ruddock Creek lead/zinc property, both in British Columbia.

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Cautionary Note Regarding “Forward-Looking Information”

Certain information contained herein constitutes forward-looking information which is prospective in nature and reflect the current views and/or expectations of Imperial. Often, but not always, forward-looking information can be identified by the use of statements such as “plans”, “expects” or “does not expect”, “is expected”, “scheduled”, “estimates”, “forecasts”, “targets”, “projects”, “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”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such information in this press release includes, without limitation, details of the proposed structure and pertinent dates of the Financings, details of the commitment of N. Murray Edwards and The Fairholme Partnership, LP to backstop the Financings, and the anticipated post-closing share capital figures.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which Imperial operates, including assumptions that: the Company will receive all necessary regulatory, stock exchange and third party approvals in respect of the Rights Offering, Common Share Private Placement and Convertible Debenture Private Placement financings; N. Murray Edwards and The Fairholme Partnership, LP will backstop the Financings; the timing of the Financings will meet the Company's

expectations based on its business and operational requirements; the aforementioned Financings will provide sufficient liquidity to support the ongoing ramp up of production at the Red Chris mine, to fund the restart operations at the Mount Polley mine and to provide working capital for the Company. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. We can give no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause Imperial's actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements constituting forward-looking information. Important risks that could cause Imperial's actual results, revenues, performance or achievements to differ materially from Imperial's expectations include, among other things: risks that the Rights Offering, Common Share Private Placement and Convertible Debenture Private Placement financings will not provide the expected liquidity or benefits to the Company's business or operations; risks that required consents and approvals will not be received in order to advance or complete the Rights Offering, Common Share Private Placement and Convertible Debenture Private Placement financings; and other hazards and risks disclosed within Imperial's Management's Discussion and Analysis for the year ended December 31, 2014 and other public filings which are available on Imperial's profile on SEDAR at www.sedar.com. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Imperial does not undertake to update any forward looking information, except in accordance with applicable securities laws.