



# INTERNATIONAL MINERALS

## NEWS RELEASE

### **International Minerals Reports \$5.1 million Net Income for Second Fiscal Quarter. Cash Dividend of US\$6.4 million and Record Production from Pallancata Silver Mine**

**Scottsdale, Arizona, February 12, 2010** – International Minerals Corporation (Toronto and Swiss stock exchanges: “IMZ”, the “Company”) reports results for the fiscal second quarter ending December 31, 2009 (the “current quarter”) of **\$5.1 million in consolidated net income (\$0.06/share)**, including **net equity earnings of \$7.6 million** for the 40%-owned Pallancata Mine in Peru. The Company also received a **cash dividend of approximately \$6.4 million** in November 2009 from its 40% interest in the Pallancata silver mine.

All amounts in this news release are reported in US dollars.

#### **Highlights**

During the 3-month period from October 1, 2009 through December 31, 2009, the Company accomplished the following:

- Completed the current quarter with approximately **\$43.2 million in cash** and equivalents, aggregate working capital of approximately \$44.3 million and total assets of approximately \$167.9 million.
- Received a **cash dividend payment of \$6.4 million** on November 9, 2009, from its 40% joint venture interest in the Pallancata Mine, increasing the total cash dividends received in calendar 2009 to \$7.7 million. Subsequent to the end of the quarter, an **additional dividend of approximately \$10.0 million**, representing the Company’s share of a \$25 million dividend distribution, will be received this month.
- Realized **net income of approximately \$5.1 million** (\$0.06 per share) compared to net income of approximately \$4.8 million (\$0.05 per share) for the same period in fiscal year 2008. The increase in net income was due primarily to a significant increase in the Company’s net equity income from the Pallancata Mine to approximately \$7.6 million (2008 - \$1.05 million) as a result of the mine operating at a higher process throughput during the current quarter. Net income also included a non-cash foreign exchange loss of \$1.0 million, compared to a \$4.8 million non-cash gain for the same period last year, as the US dollar weakened relative to the Canadian dollar in the current quarter.

Generated **gross equity earnings totaling approximately \$8.1 million (2008 - \$0.6 million) from the 40%-owned Pallancata Mine**. Net equity income from Pallancata was approximately \$7.6 million for the quarter after deducting the Company’s non-recoverable costs of monitoring activities related to the mine.

- **Reported a record quarterly production of approximately 2.7 million ounces of silver and 10,244 ounces of gold** from the Pallancata Mine (100% project basis), an increase of 9% when compared to 2.5 million ounces of silver and 9,620 ounces of gold (100% project basis) in the prior quarter ended September 30, 2009. Of this total production in the recent quarter, the Company’s 40% share was approximately 1.1 million ounces of silver and 4,098 ounces of gold. The increase in ounces produced in the quarter results mainly from an increase in tonnes processed and in silver head-grade mined.
- Realized **direct onsite costs at the Pallancata Mine of \$1.72 per ounce (“/oz”) silver** (after gold by-product credit) and **total cash costs (as defined by the Gold Institute) of \$4.69/oz silver** (after gold by-product credit). These costs are an improvement of 37% and 12% respectively from the \$2.72/oz direct onsite cost of silver and \$5.30/oz total cash cost of silver reported for the prior quarter ended September 30, 2009.
- Announced entering into an arrangement agreement whereby the Company will **acquire, in a cash and share transaction**, all of the issued and outstanding shares of **Metallic Ventures Gold, Inc.** (TSX:MVG, “Metallic”) by way of a statutory plan of arrangement. Consideration to be paid to Metallic shareholders will consist of \$24 million in cash and 8.5 million common shares of the Company. Upon completion of the Metallic acquisition, the Company will add to its existing assets: a 3% net smelter return (“NSR”) royalty (approximately \$3 million per year) from Barrick’s Ruby Hill gold mine in Nevada; a 100% interest in the Converse gold exploration project which lies in the Battle Mountain/Cortez mineralized trend of Nevada; and a 100% interest in the Goldfield gold exploration project in central Nevada, near the

historic gold mining town of Goldfield. Subsequent to the end of the quarter on January 25, 2010, Metallic mailed an information circular and proxy materials to its shareholders. A Metallic shareholder meeting is scheduled for Monday, February 22, 2010, to consider approving the acquisition. In addition to Metallic shareholder approval, the transaction remains subject to regulatory and court approvals.

- Invested \$1.6 million in resource property expenditures, compared to an investment of \$2.6 million in the same period of 2008.

Subsequent to the end of the quarter on January 12, 2010, the Company **completed the acquisition of Ventura Gold Corp.** (TSX-V:VGO) ("Ventura") by way of a statutory plan of arrangement. Consideration paid to Ventura shareholders comprised approximately 13.7 million shares of the Company, valued at approximately \$58.5 million. The Company added to its existing assets Ventura's 51% joint venture interest in the Inmaculada gold-silver project in Peru (49% Hochschild) which can be increased to a 70% interest by completing a feasibility study by September 2013, and issuing 200,000 common shares of the Company over a five year period commencing in 2011.

Also subsequent to the end of the end of the quarter, on January 19, 2010, the Company announced some of the **best drill results to date from the Angela Vein at the Inmaculada property, including 3.5 meters ("m") at an average grade of 37.1 grams per tonne ("g/t") gold and 270 g/t silver.** The Angela Vein is now defined over a strike length of more than 1,400m and a vertical extent of up to 300m and it remains open along strike to the northeast.

Additionally, subsequent to the end of the quarter on February 3, 2010, the Company announced an updated mineral resource estimate for the Angela vein at the Inmaculada property (on a 100% project basis) comprised of:

- An **indicated resource of 154,000 ozs gold and 4.9 million ozs silver**, contained within 1.2 million tonnes ("mt") at an average grade of 3.9 g/t gold and 122 g/t silver), and
- An **inferred resources of 512,000 ozs gold and 22.1 million ozs silver**, contained within 4.7 mt at an average grade of 3.4 g/t gold and 147 g/t silver.

The new resource estimate, which includes indicated resources for the first time, represents a significant increase in both the confidence level of the resource estimate and the overall gold and silver content of the Angela Vein deposit from the previously-reported, independently-calculated, inferred mineral resource estimate (see Ventura Gold Corp's news release dated January 20, 2009) of 483,000 ozs gold and 16.6 million ozs silver (contained within 3.7 million tonnes at an average grade of 4.0 g/t gold and 139 g/t silver. See the Company's news release of February 3, 2010, for further details of the updated resource estimate.

## **Additional Financial Information**

The Company reports its interest in Pallancata on an equity accounting basis.

## **Company Outlook**

During the balance of calendar year 2010, the Company's exploration and development efforts are expected to focus primarily on:

- At the **Pallancata Mine:**

Continuing **production at the 3,000 tpd mining rate**, working with our 60% joint venture partner, Hochschild.

**Producing approximately 10 million ounces of silver and up to 35,000 ounces of gold in calendar 2010** (the Company's estimate on a 100% project basis).

**Increasing mineral resources and reserves to extend the existing mine life** (approximately 4 years based on current reserves). Updated reserve and resource estimates are expected to be published by Hochschild by the end of March 2010.

- Continuing with the aggressive exploration and development drilling program at the 51%-owned **Inmaculada Project**, in order to support delivering a feasibility study by the end of 2011 toward completing the earn-in of an additional 19% operating joint venture interest (aggregate 70% interest).

- **Completing the acquisition of Metallic** on or about February 26, 2010. Annual royalty payments (of approximately \$3.0 million at current metal prices) are anticipated to be received from Barrick's **Ruby Hill Mine** in Nevada following closing of the acquisition.

Upon completion of the Metallic acquisition the Company intends to: a) immediately advance the **Goldfield** gold project into the feasibility study stage with a goal of potential production within the next four to five years; and b) immediately commence a scoping study on the **Converse** gold-silver project.

- Continuing to monitor political developments in Ecuador in order to protect the Company's long-term interests in the 100%-owned Rio Blanco gold-silver project and the Gaby gold project (approximately 60% interest in estimated contained resource ounces). With the passing of the mining regulations by the government on November 4, 2009, and subject to clarification of certain provisions of the new Mining Law and regulations, the Company intends to seek obtaining environmental permits, production permits and consider construction financing and other activities required to advance the projects towards commercial production either on a stand-alone basis or with strategic partners.
- Continuing to seek additional strategic joint venture alliances, such as that with Hochschild at Pallancata and Pacapausa, in order to advance projects with reduced further cash outlays by the Company.

**For additional information, contact:**

In North America

Eric Edwards, Vice President and Chief Financial Officer

Tel: (303) 357-4862

In Europe

Oliver Holzer, Marketing Consultant

+41 (0) 44 853 0047

Or email the Company at [IR@intlminerals.com](mailto:IR@intlminerals.com)

**Internet Site:** <http://www.intlminerals.com>

*Cautionary Statement:*

*The Gold Institute calculation of Direct Site Costs and Total Cash Costs are non-Canadian GAAP financial measures, which IMZ management believes are useful in measuring operational performance. Some of the statements contained in this release are "forward-looking statements" within the meaning of Canadian securities law requirements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements in this release include statements regarding pending corporate acquisitions, drilling and development programs on the Company's projects, timing of commencement of construction and production and, obtaining of required environmental and production permits. Factors that could cause actual results to differ materially from anticipated results include risks and uncertainties such as: risks relating to the pending corporate acquisitions; risks relating to obtaining mining and environmental permits; mining and development risks; financing risks; risk of commodity price fluctuations; political and regulatory risks; risks related to the new mining law in Ecuador, and other risks and uncertainties detailed in the Company's Amended Annual Information Form for the year ended June 30, 2009, which is available at [www.sedar.com](http://www.sedar.com) under the Company's name. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

**INTERNATIONAL MINERALS CORPORATION**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(Expressed in United States dollars)  
(Unaudited – Prepared by Management)

	12/31/2009	6/30/2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 43,183,856	\$ 43,775,995
Receivables	314,659	423,983
Due from related parties	2,554,653	377,328
Prepaid expenses and deposits	275,364	18,921
Securities held-for-trading	<u>250,304</u>	<u>135,816</u>
	46,578,836	44,732,043
<b>Long Term</b>		
Due from related party	75,000	75,000
Property and equipment	465,036	582,878
<b>Investment</b>	31,500	31,500
<b>Investment in joint venture</b>	37,568,188	32,396,735
<b>Resource properties</b>	83,118,369	80,097,809
<b>Environmental bond</b>	<u>74,701</u>	<u>68,352</u>
	\$ 167,911,630	\$ 157,984,317

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable	\$ 340,702	\$ 376,940
Accrued severance and payroll costs	1,736,170	2,274,448
Accrued interest payable on convertible debentures	<u>174,703</u>	<u>158,593</u>
	2,251,575	2,809,981
<b>Long term</b>		
Convertible debentures	<u>35,828,778</u>	<u>31,756,199</u>
	<u>38,080,353</u>	<u>34,566,180</u>
<b>Shareholders' equity</b>		
Capital stock	125,428,590	125,678,141
Contributed surplus	5,624,649	5,326,188
Equity component of convertible debentures	4,945,008	4,945,008
Deficit	<u>(6,166,970)</u>	<u>(12,531,200)</u>
	<u>129,831,277</u>	<u>123,418,137</u>
	\$ 167,911,630	\$ 157,984,317

**Nature and continuance of operations**

**Contingency**

**Subsequent events**

**On behalf of the Board:**

*"Stephen J. Kay"*  
Stephen J. Kay

Director

*"W. Michael Smith"*  
W. Michael Smith

Director

**INTERNATIONAL MINERALS CORPORATION**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Expressed in United States dollars)  
(Unaudited – Prepared by Management)

	3-Month Period 12/31/2009	3-Month Period 12/31/2008	6-Month Period 12/31/2009	6-Month Period 12/31/2008
<b>EXPENSES</b>				
Amortization	\$ 42,899	\$ 44,981	\$ 85,798	\$ 77,179
General exploration	6,300	6,993	83,061	45,974
Interest and financing costs	908,033	753,441	1,778,048	1,636,369
Investor relations	189,912	66,691	266,913	119,108
Office and general	91,652	104,334	161,776	152,918
Professional fees	213,283	222,923	298,546	400,112
Salaries and benefits	198,412	210,802	403,012	449,167
Salary charge-outs	(18,070)	(29,131)	(56,210)	(69,891)
Stock-based compensation	-	56,635	793,351	175,558
Transfer agent and listing fees	5,375	17,766	37,539	56,282
Travel	60,813	44,091	78,017	80,240
	<u>(1,698,609)</u>	<u>(1,499,526)</u>	<u>(3,929,851)</u>	<u>(3,123,016)</u>
<b>OTHER ITEMS</b>				
Foreign exchange gain (loss)	(1,009,048)	4,848,747	(2,625,654)	6,065,928
Unrealized gain (loss) on securities held-for-trading	14,879	(76,128)	114,488	(152,506)
Management fee income	179,779	144,555	300,147	282,771
Interest income	77,398	369,569	189,275	736,311
Write-off of resource properties	162	(6,008)	(237,694)	(117,550)
	<u>(736,830)</u>	<u>5,280,735</u>	<u>(2,259,438)</u>	<u>6,814,954</u>
<b>INCOME FROM JOINT VENTURE</b>				
Equity income from joint venture	8,074,727	637,009	13,321,527	950,913
Equity gain on capital contributions in joint venture	-	411,392	-	3,916,672
Joint venture monitoring costs	(105,127)	-	(269,475)	-
Amortization of non-reimbursable costs	(399,245)	-	(498,533)	-
	<u>7,570,355</u>	<u>1,048,401</u>	<u>12,553,519</u>	<u>4,867,585</u>
<b>Net income for the period</b>	5,134,916	4,829,610	6,364,230	8,559,523
<b>Deficit, beginning of period</b>	<u>(11,301,886)</u>	<u>(17,472,272)</u>	<u>(12,531,200)</u>	<u>(21,202,185)</u>
<b>Deficit, end of period</b>	\$ (6,166,970)	\$ (12,642,662)	\$ (6,166,970)	\$ (12,642,662)
<b>Earnings per common share – basic and fully diluted</b>				
	\$ 0.06	\$ 0.05	\$ 0.07	\$ 0.09
<b>Weighted average number of common shares outstanding</b>				
	92,921,779	96,030,001	92,951,890	96,030,001

**INTERNATIONAL MINERALS CORPORATION**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW**  
(Expressed in United States dollars)  
(Unaudited – Prepared by Management)

	3-Month Period 12/31/2009	3-Month Period 12/31/2008	6-Month Period 12/31/2009	6-Month Period 12/31/2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	\$ 5,134,916	\$ 4,829,610	\$ 6,364,230	\$ 8,559,523
Add non-cash items:				
Amortization	42,899	44,981	85,798	77,179
Stock-based compensation	-	56,635	793,351	175,558
Unrealized foreign exchange (gain) loss	1,222,243	(6,284,375)	3,308,305	(7,234,634)
Unrealized loss (gain) on securities held-for-trading	(14,879)	76,128	(114,488)	152,506
Write-off of resource properties	(162)	5,646	237,694	117,188
Interest and financing costs	(100,884)	753,441	810,821	1,636,369
Equity income from joint venture	(8,074,727)	(637,009)	(13,321,527)	(950,913)
Equity gain on capital contributions in joint venture	-	(411,392)	-	(3,916,672)
Amortization of non-reimbursable costs	399,245	-	498,533	-
Changes in non-cash working capital items:				
Decrease (increase) in receivables	74,843	93,028	109,324	(7,618)
Decrease (increase) in prepaid expense and deposits	(248,597)	(19,624)	(256,443)	(11,371)
Decrease (increase) in accounts payable and accrued liabilities	58,267	(562,217)	125,247	121,874
Due from related parties	<u>(2,009,107)</u>	<u>(57,372)</u>	<u>(2,177,325)</u>	<u>(56,247)</u>
Net cash used in operating activities	<u>(3,515,943)</u>	<u>(2,112,520)</u>	<u>(3,536,480)</u>	<u>(1,337,258)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Due from related party	-	-	-	-
Proceeds from the issuance of capital stock	-	-	-	-
Share buyback	<u>(759,868)</u>	<u>(3,987,983)</u>	<u>(759,868)</u>	<u>(3,987,983)</u>
Net cash (used in) provided by financing activities	<u>(759,868)</u>	<u>(3,987,983)</u>	<u>(759,868)</u>	<u>(3,987,983)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Short-term investments	-	291,466	-	290,076
Resource property expenditures	(1,570,006)	(2,042,096)	(3,938,232)	(5,350,208)
Investments in joint venture	(169)	868,122	(1,298)	574,446
Purchase of property and equipment	(1,689)	(4,061)	(2,751)	(361,972)
Environmental bond	648	-	(6,349)	(13,533)
Recovery of investment in joint venture	-	-	-	-
Dividends received from joint venture	<u>6,424,589</u>	<u>-</u>	<u>7,652,839</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>4,853,373</u>	<u>(886,569)</u>	<u>3,704,209</u>	<u>(4,861,191)</u>
<b>Change in cash and equivalents for the period</b>	<u>577,562</u>	<u>(6,987,072)</u>	<u>(592,139)</u>	<u>(10,186,432)</u>
<b>Cash and equivalents, beginning of period</b>	<u>42,606,294</u>	<u>57,248,625</u>	<u>43,775,995</u>	<u>60,447,985</u>
<b>Cash and equivalents, end of period</b>	<u>\$ 43,183,856</u>	<u>\$ 50,261,553</u>	<u>\$ 43,183,856</u>	<u>\$ 50,261,553</u>