



INTERNATIONAL MINERALS

NEWS RELEASE

International Minerals Reports Net Income of US\$8.7 million (US\$0.09 per share), Including Equity Earnings of US\$11.5 million from Pallancata Silver-Gold Mine, for the Fiscal Year Ended June 30, 2009

Scottsdale, Arizona, September 28, 2009 – International Minerals Corporation (TSX and SIX: “IMZ” or “the Company”) reported \$8.7 million in consolidated net income for the fiscal year ending June 30, 2009. All amounts in this news release are reported in US dollars.

During the fiscal year, July 1, 2008 through June 30, 2009, IMZ achieved the following significant accomplishments:

- Completed the year ended June 30, 2009 with approximately **\$43.8 million in cash** and equivalents, aggregate working capital of approximately \$41.9 million and total assets of approximately \$158 million.
- **The 40% owned Pallancata Mine produced 6.0 million ounces of silver and 23,114 ounces of gold (100% project basis)** for the fiscal year, of which the Company’s 40% share is 2.4 million ounces of silver and 9,246 ounces of gold. **The Company estimates that the mine will produce approximately 7 million ounces of silver and 25,000 ounces of gold (100% project basis) for calendar year 2009,** and 10 million ounces of silver and 35,000 ounces of gold for calendar year 2010.
- **Realized Net Income of approximately \$8.7 million (\$0.092 per share)** for the current fiscal year compared to a loss of \$168,763 in fiscal year 2008. Net Income for the year included a non-cash, unrealized foreign exchange gain of \$4.6 million, compared to an unrealized foreign exchange loss of \$1.0 million in 2008.
- **Net equity earnings related to the Pallancata Mine were approximately \$11.5 million** for the fiscal year, comprised of \$8.2 million in equity income from the Pallancata operations and \$4.2 million as an equity gain from the 100% capital contributions required to be made by Hochschild to joint venture mine expansion costs, less amortization of non-reimbursable costs of \$0.9 million. The Company’s share of joint venture cash flow to date is approximately \$12.4 million and has mainly been applied to funding the Company’s share of the capital expansion cost to go from 1,000 tpd to 3,000 tpd at the mine.
- Subsequent to the end of the year, on September 23, 2009, the Company announced the signing of a binding letter agreement for the Company to **acquire, in an all-share transaction, all of the issued and outstanding shares of Ventura Gold Corp.** by way of a statutory plan of arrangement (see Subsequent Events for additional details).
- Subsequent to the end of the quarter on August 13, 2009, the Company received its **first cash dividend payment of approximately \$1.2 million** from its 40% interest in the Pallancata Mine. The Company announced that, using \$12 per ounce silver, the Company’s share of cash flow from operations at Pallancata for the remainder of calendar year 2009 is expected to be between \$14 million and \$15 million based on the Company’s current production estimate of approximately 7.0 million ounces of silver and 25,000 ounces of gold for calendar year 2009 (on a 100% basis) and anticipated operating costs but before capital expenditure requirements (see the Company’s August 24, 2009 press release for additional details).
- Commenced on October 17, 2008, a normal course issuer bid or share repurchase program. **As of September 25, 2009, a cumulative total of 3,198,000 shares have been repurchased at an average price of C\$2.38 per share** for a total cost of C\$7,626,438 (\$6,209,144). All shares purchased to date have been cancelled. The normal course issuer bid program was approved for one year and will expire on October 16, 2009.

- Continued to reduce project holding, maintenance and exploration expenditure levels in Ecuador as the Company shifts its focus toward community and government relations.
- Subsequent to the end of the fiscal year, on August 24, 2009, the Company was accepted for inclusion in the Swiss Stock Exchange's prestigious Swiss Performance Index (the "SPI"). The Company is currently the only precious metal mining company listed on the Swiss Stock Exchange and the first ever gold company to be included in the SPI. In addition, the Company is one of only 11 foreign companies listed on the SPI.

During the fourth fiscal quarter ended June 30, 2009, IMZ achieved the following significant accomplishments:

- Net equity earnings related to the Pallancata Mine were approximately \$3.9 million for the quarter.
- Realized a net loss of approximately \$1.9 (\$0.02 per share) for the fourth fiscal quarter ended June 30, 2009, compared to net income of \$602,475 for the same period in fiscal year 2008. Net Income for the quarter included a non-cash, unrealized foreign exchange loss of approximately \$2.0 million.
- Reported **total production (100% project basis) of approximately 1.9 million ounces of silver and 7,170 ounces of gold** from the Pallancata Mine for the fourth quarter, an increase of 45% when compared to 1.3 million ounces of silver and 4,939 ounces of gold in the prior quarter ended March 31, 2009. Of this total production, the Company's share for the fourth quarter was approximately 760,000 ounces of silver and 2,868 ounces of gold. The increase in ounces has mainly resulted from the 2009 mine capacity expansion program that has increased daily throughput from 1,000 tpd to 3,000 tpd.
- Reported direct onsite costs at the Pallancata Mine for the current quarter of **\$3.73 per ounce ("oz") silver (after gold by-product credit) and total cash costs (as defined by the Gold Institute) of \$6.20/oz silver (after gold by-product credit)**. These costs per ounce of silver are an improvement of 10% and 6%, respectively, from the \$4.16/oz direct onsite cost of silver and \$6.62/oz total cash cost of silver reported for the prior quarter ended March 31, 2009.

The consolidated net income for the year ended June 30, 2009, was \$8,670,985 (\$0.092 basic and diluted per share) compared to a net loss of \$168,763 (\$0.002 per share) for the equivalent period in 2008. The current year net income is due principally to: a) the equity gain in the Pallancata Mine joint venture of \$11,531,984 (2008 – a gain of \$10.47 million) as a result of Hochschild's 100% capital contribution to certain mine expansion costs and also from equity earnings which began in calendar year 2008; b) the increased foreign exchange gain of \$4,613,264 due to a weakening Canadian dollar against the US dollar, which compares to a loss in 2008 of \$1,081,606 when the Canadian dollar was stronger; and c) a decrease in write-offs of resource properties of \$637,618 as compared to \$4,833,850 in fiscal 2008.

Capitalized resource property expenditures (cash and non-cash) for year ending June 30, 2009, were \$8,770,318, partially offset by a write-off of \$637,618 in other resource properties, which the Company decided did not meet the requirements for further development. This compares to \$19,598,633 for the last fiscal year, reflecting a much reduced level of exploration and development activity in the current period primarily as a result of the April 2008 Mining Mandate and the 2009 Mining Law in Ecuador, which continues to suspend exploration and mining activity in the country. Approximately \$1.2 million has been spent on employee severance costs due to the reduction in the workforce in Ecuador between December 2008 and June 30 2009, and an additional accrual of \$1.4 million has been made for future costs as a result of the employee lay-offs at Rio Blanco and continuing uncertainties caused by the 2008 Mandate and new Mining Law.

Outlook

During the balance of calendar year 2009 and for fiscal year 2010, the Company's exploration and development efforts are expected to focus primarily on:

- Continuing production at the 3,000 tpd mining rate, which was achieved ahead of schedule in August 2009, at the Pallancata silver-gold mine in Peru, working with our 60% joint venture partner, Hochschild.

Pallancata is producing positive cash flow from operations and will fund the Company's 40% share (approximately \$13 million) of projected calendar 2009 mine expansion capital costs.

- Producing approximately 7 million ounces of silver and 25,000 ounces of gold (the Company's estimate at a 100% project basis) from Pallancata for calendar year 2009. The Company expects to receive additional cash dividends in 2009.
- Producing approximately 10 million ounces of silver and 35,000 ounces of gold (the Company's estimate at a 100% project basis) for calendar year 2010 from Pallancata. The Company expects to receive additional cash dividends from the Pallancata joint venture in fiscal year 2010.
- Obtaining required environmental and production permits for the construction and development of a gold-silver mining operation at Rio Blanco in Ecuador, subject to implementation of and clarification of certain issues under the new Mining Law and regulations together with obtaining additional required financing. Construction could commence about three months following granting of all necessary permits, which could occur by the end of the calendar first quarter 2010 at the earliest.
- Closing the acquisition of Ventura Gold Corp., as announced on September 23, 2009, accelerating exploration at Ventura's Inmaculada gold-silver project and, achieving at least one additional major property/corporate acquisition by the end of the fiscal year on June 30, 2010. The Company also intends seeking 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 Wendy Yang Tel: (303) 357-4863
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 capital expansion costs and completion, drilling and development programs on the Company's projects, timing of commencement of construction and production, obtaining of required environmental and production permits, and timing and amounts of future cash flows from operations. Factors that could cause actual results to differ materially from anticipated results include risks and uncertainties such as: risks relating to project capital and production costs; 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 Renewal Annual Information Form for the year ended June 30, 2009, which is available at 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
CONSOLIDATED BALANCE SHEETS
(Expressed in United States Dollars)
AS AT JUNE 30

| | 2009 | 2008 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash and equivalents | \$ 43,775,995 | \$ 60,447,985 |
| Short term investments | - | 1,560,496 |
| Receivables | 423,983 | 140,275 |
| Due from related parties | 377,328 | 124,681 |
| Prepaid expenses and deposits | 18,921 | 22,889 |
| Securities held-for-trading | <u>135,816</u> | <u>254,075</u> |
| | 44,732,043 | 62,550,401 |
| Long Term | | |
| Due from related party | 75,000 | |
| Property and equipment | 582,878 | 444,453 |
| | 31,500 | 25,000 |
| Investment | | |
| Investment in joint venture | 32,396,735 | 22,972,335 |
| Resource properties | 80,097,809 | 71,965,109 |
| Environmental bond | <u>68,352</u> | <u>54,819</u> |
| | <u>\$157,984,317</u> | <u>\$158,012,117</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable | \$ 376,940 | \$ 954,051 |
| Accrued severance and payroll costs | 2,274,448 | 1,189,444 |
| Accrued interest payable on convertible debentures | 158,593 | 181,321 |
| Due to equity partner in joint venture | <u>-</u> | <u>1,870,533</u> |
| | 2,809,981 | 4,195,350 |
| Long term | | |
| Convertible debentures | <u>31,756,199</u> | <u>35,122,555</u> |
| | <u>34,566,180</u> | <u>39,317,905</u> |
| Shareholders' equity | | |
| Capital stock | 125,678,141 | 129,850,285 |
| Contributed surplus | 5,326,188 | 5,101,104 |
| Equity component of convertible debentures | 4,945,008 | 4,945,008 |
| Deficit | <u>(12,531,200)</u> | <u>(21,202,185)</u> |
| | <u>123,418,137</u> | <u>118,694,212</u> |
| | <u>\$157,984,317</u> | <u>\$158,012,117</u> |

INTERNATIONAL MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in United States Dollars)
YEAR ENDED JUNE 30

| | 2009 | 2008 |
|---|---------------------|---------------------|
| EXPENSES | | |
| Amortization | \$ 164,912 | \$ 23,324 |
| General exploration | 185,781 | 41,170 |
| Interest and financing costs | 3,033,149 | 3,564,049 |
| Investor relations | 375,921 | 689,676 |
| Office and general | 321,226 | 258,019 |
| Professional fees | 845,243 | 881,757 |
| Salaries and benefits | 853,999 | 801,115 |
| Salary charge-outs | (119,622) | (146,806) |
| Stock-based compensation | 2,146,211 | 1,745,510 |
| Transfer agent and listing fees | 93,118 | 109,645 |
| Travel | 162,590 | 115,013 |
| | <u>(8,062,528)</u> | <u>(8,082,472)</u> |
| OTHER ITEMS | | |
| Foreign exchange gain (loss) | 4,613,264 | (1,081,606) |
| Unrealized gain (loss) on securities held-for-trading | (108,406) | 130,377 |
| Management fee income | 371,570 | 400,885 |
| Interest income | 970,219 | 2,828,050 |
| Write-off of resource properties | (637,618) | (4,833,850) |
| Write-down of investment | (7,500) | - |
| | <u>5,201,529</u> | <u>(2,556,144)</u> |
| INCOME FROM JOINT VENTURE | | |
| Equity income from joint venture | 8,210,385 | 4,199,616 |
| Equity gain on capital contributions in joint venture | 4,226,000 | 6,270,237 |
| Amortization of non-reimbursable costs | (904,401) | - |
| | <u>11,531,984</u> | <u>10,469,853</u> |
| Net income (loss) for the year | 8,670,985 | (168,763) |
| Deficit, beginning of year | <u>(21,202,185)</u> | <u>(21,033,422)</u> |
| Deficit, end of year | \$ (12,531,200) | \$ (21,202,185) |
| <hr/> | | |
| Earnings (loss) per common share – basic and fully diluted | \$ 0.092 | \$ (0.002) |
| <hr/> | | |
| Weighted average number of common shares outstanding | 94,497,855 | 95,667,196 |

INTERNATIONAL MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(Expressed in United States Dollars)
YEAR ENDED JUNE 30

| | 2009 | 2008 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) for the year | \$ 8,670,985 | \$ (168,763) |
| Add non-cash items: | | |
| Amortization | 164,912 | 23,324 |
| Stock-based compensation | 2,146,211 | 1,745,510 |
| Unrealized foreign exchange (gain) loss | (4,547,318) | 1,689,781 |
| Unrealized loss (gain) on securities held-for-trading | 108,406 | (130,377) |
| Write-off of resource properties | 637,618 | 4,833,850 |
| Interest and financing costs | 1,168,087 | 1,260,058 |
| Equity income from joint venture | (8,210,385) | (4,199,616) |
| Equity gain on capital contributions in joint venture | (4,226,000) | (6,270,237) |
| Amortization of non-reimbursable costs | 904,401 | - |
| Write-down of investment | 7,500 | - |
| Changes in non-cash working capital items: | | |
| Increase in receivables | (283,708) | (23,621) |
| Decrease (increase) in prepaid expense and deposits | 3,967 | (16,882) |
| Decrease in accounts payable and accrued liabilities | (295,259) | (173,436) |
| Due from related parties | (249,284) | (124,681) |
| Net cash used in operating activities | <u>(3,999,867)</u> | <u>(1,555,090)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Due from related party | (75,000) | - |
| Proceeds from the issuance of capital stock | 115,873 | 1,065,609 |
| Share buyback | <u>(6,209,144)</u> | <u>-</u> |
| Net cash (used in) provided by financing activities | <u>(6,168,271)</u> | <u>1,065,609</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Short-term investments | 1,560,496 | 52,992,134 |
| Resource property expenditures | (7,876,563) | (19,933,924) |
| Investments in joint venture | (1,352,857) | (2,077,986) |
| Purchase of property and equipment | (382,662) | (214,032) |
| Environmental bond | (13,533) | 81,599 |
| Recovery of investment in joint venture | <u>1,561,267</u> | <u>200,000</u> |
| Net cash (used in) provided by investing activities | <u>(6,503,852)</u> | <u>31,047,791</u> |
| Change in cash and equivalents for the year | (16,671,990) | 30,558,310 |
| Cash and equivalents, beginning of year | <u>60,447,985</u> | <u>29,889,675</u> |
| Cash and equivalents, end of year | <u>\$ 43,775,995</u> | <u>\$ 60,447,985</u> |