



August 10, 2009

## **CORPORATE UPDATE**

### **PROPOSED MERGER WITH IMPERIAL METALS CORP.**

Selkirk Metals Corp. (“Selkirk” or the “Company”) issued a news release dated July 27, 2009 announcing a proposed merger with Imperial Metals Corporation (“Imperial”) through a Plan of Arrangement. In late 2008, with a completion of the underground development and diamond drilling program on the Ruddock Creek Property and the surface diamond drilling program on the Catface Property, your management began the effort of considering the impact of the results from these programs within the context of the current economic conditions and, in turn, evaluating all options available that would allow Selkirk to continue exploration and development of its portfolio.

The Ruddock Creek and Catface Projects both have an established resource, are at an advanced stage and require a significant investment to achieve the next step towards development. In the case of Ruddock Creek, a further underground exploration and development program including underground diamond drilling is required to define the additional resource necessary to proceed with feasibility and mine development planning. With respect to Catface, in January 2008 Selkirk finalized a Memorandum of Understanding with the Ahousaht First Nations and that summer conducted the first exploration program on the property in almost 30 years. Selkirk has filed an amendment to its exploration permit which will allow the Company to re-establish road access to the area of the main workings and conduct an expanded diamond drilling program to further define and expand the recourse. To finance these advanced programs directly would require a significant dilution of your Company’s shares greatly diminishing the potential return that may be realized over the medium and long term. The proposed merger with Imperial on the basis of a fair relative evaluation on the other hand would not be dilutive and Imperial is able to invest in Ruddock Creek and Catface through existing working capital and cash flow.

The proposed merger of Selkirk and Imperial will result in a BC based company with a broad portfolio of exploration and development properties and a diverse commodity base with a long history of exploration and mine operations within the province. The regional focus provides assurance that the properties now owned by Selkirk will continue to receive the attention and investment necessary to further their potential. As the Company involved in the operation of two mines in British Columbia and the owner of the Red Chris Project, which is permitted and only awaiting construction of the northwest corridor powerline, Imperial is one of the stronger and well positioned mining companies in British Columbia. Imperial is also in an excellent financial position with no long term debt, a strong working capital position and well established operating experience.

The Management and Directors of Selkirk have given consideration to the positive and negative aspects of the proposed Plan of Arrangement with Imperial and also over the past months to other options to allow Selkirk to move forward with the exploration and development of its property portfolio. Given the current economic conditions and the resultant difficulty in raising equity capital for junior exploration companies, it is their unanimous opinion that the proposed merger with Imperial is beneficial to the Selkirk shareholders over both the short and long-term. While the share price of Selkirk is significantly lower than the highs that were achieved in 2007, the same can be said for Imperial which traded over \$18 in July 2007, the same time that Selkirk was trading at or near its historic highs. The improvement in commodity prices and, as a result, related share prices have to date been limited largely to established producing companies. This will undoubtedly continue in the near term and benefit the current Selkirk shareholders after the merger. In addition, the Red Chris Deposit has received all necessary permits and is expected to be placed into production quickly upon the construction of the northwest corridor power line. It is for these reasons your management is convinced that the potential for enhancing the value of the shares of Selkirk is excellent through the proposed merger with Imperial. We hope you will all take the time to review the published material related to both Selkirk and Imperial and are confident you will also come to the same conclusion as management to support the proposed merger.

**Suite 800 – 1199 West Hastings Street  
Vancouver, B.C. V6E 3T5  
Phone: 604-687-2038 Fax: 604-687-3141**