

013829

Imperial Metals Corporation

Post
PF
093 A 008

NEWS RELEASE

TRADING SYMBOL: IPM (TSE)
FOR RELEASE: April 26, 1996
CONTACTS: Pierre Lebel, President
Brian Kynoch, Senior Vice-President
Dean Eyman, Investor Relations

ADDRESS: Suite 420 - 355 Burrard Street, Vancouver, B.C. V6C 2G8
Tel: 604-669-8959 Fax: 604-687-4030

MOUNT POLLEY GOLD MINE TO GO AHEAD

Imperial Metals Corporation and Sumitomo Corporation have agreed to proceed with construction of the Mount Polley Gold Project. Technical due diligence has been successfully completed. The transaction has been approved by the Boards of both parties. Definitive joint venture and project loan agreements have been signed. Mount Polley will commence production in the fall of 1997. Gold grades are higher near surface and production at Mount Polley will exceed 100,000 ounces of gold and 28 million pounds of copper per year during the first four years of the minimum 12 year mine life. Mount Polley will be the third largest gold producer in the Province of British Columbia. The production cost per ounce of gold with copper as a credit at present Canadian dollar and copper prices, is less than US\$180 per ounce.

Sumitomo will participate with a 45% Joint Venture interest. Imperial will operate, with a 55% interest, and will receive bonus revenues beyond its participating interest share based on operating performance. In addition, Sumitomo will provide to Imperial up to \$54 million in Project debt financing. Also, Sumitomo will act as concentrate marketing agent for the joint venture.

The Province of British Columbia has agreed to provide assistance and support for the conclusion of favourable negotiations on rail transportation, port and hydro charges. The agreement of the Province to assist and support in these areas was an essential element in the decision of Sumitomo and Imperial to proceed with development of the mine.

Total capital cost for the 18,000 tonne per day plant is estimated at Cdn.\$123.5 million. Under the terms of the financing arrangement with Sumitomo, Imperial is required to make an equity contribution of \$14 million. The remainder of Imperial's cost share will be financed through the project loan facility from Sumitomo of up to \$54 million. Imperial has already spent \$8 million of the required \$14 million in equity, and with working capital of \$16.5 million, including cash on hand of \$14 million, is well funded to cover the \$6 million remainder of its equity contribution.

As part of the joint venture-financing arrangement, Sumitomo will receive two million Imperial common share purchase warrants. One million warrants are exercisable until June 30, 1997 at a price of Cdn.\$1.40 per share and one million warrants are exercisable until June 30, 1998 at a price of Cdn.\$1.70.

Confirmation drilling and detailed metallurgical testwork carried out during the due diligence period has redefined the Mount Polley Project as primarily a gold deposit with associated copper. Reserves are 82.3 million tonnes grading 0.417 g/t gold and 0.3% copper containing 1.1 million ounces of gold and 544 million pounds of copper. Ore reserves are open for expansion within the projected pit limits and elsewhere on the property. As a result of the increased economic importance of gold in the deposit and the enlargement of the mineable reserve, the stripping ratio has been reduced to 1.16:1 from the prior estimate of 1.76:1.

All permits required to proceed are in place. Site construction, which commenced in the fall of 1995, will resume following spring break-up. All of the major processing equipment, including concentrator and crusher buildings, have been purchased. Construction should be completed by the summer of 1997 with commercial production commencing in the fall of 1997. Also of note, Mount Polley is not subject to any royalty, net profits or other underlying interest.

Mount Polley, located approximately 56 km Northeast of Williams Lake, will be the first new large open pit mine in British Columbia in more than a decade. The project will create approximately 200 jobs during construction and 170 during mine operations.

Relationship with Sumitomo

Sumitomo Corporation has interests in businesses ranging from minerals and machinery to textiles, foods, and chemicals. It is the fourth largest trading company in the world with revenues in 1995 of US\$181 billion. It holds interests in other major mining projects such as Morenci in the United States, La Candelaria in Chile, Northparkes in Australia, Jinlong Smelter in China, and most recently, Batu Hijau Project in Indonesia. Sumitomo brings world class expertise in concentrate marketing to the Mount Polley project.

Imperial's relationship with Sumitomo, through predecessor companies such as wholly owned Bethlehem Resources Corporation, dates back to the early 1960's with the financing of the Bethlehem Copper mine in the Highland Valley. In 1990, Sumitomo and Nippon Mining & Metals Co., Ltd. financed development of the Goldstream Mine 50% owned and operated by Imperial.

More recently, Imperial, at the invitation of Sumitomo, agreed to act as operator of the M'Banga gold exploration project in Niger, West Africa under a 60% Imperial 40% Sumitomo Joint Venture arrangement. The long history of successful cooperation between Sumitomo and Imperial was a key factor in the Mount Polley go ahead decision. The combination of Sumitomo's global reputation and outstanding financial strength with Imperial's proven track record as a lean and efficient mine developer and operator creates a very powerful alliance which continues to generate exciting new opportunities for growth.



Pierre Lebel
President