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Mt. Polley

Consolidated Statements of Income		
	Three Months Ended March 31,	
	1995	1994
REVENUES		
Mineral, net of royalties	\$6,147,860	\$966,102
Oil and natural gas, net of royalties	121,291	200,991
Management fees	90,557	25,316
Interest	319,813	123,863
	6,679,521	1,346,272
EXPENSES		
Mineral production, treatment and transportation	4,546,211	590,155
Oil and natural gas production	76,677	36,354
Depletion, depreciation and amortization	784,037	87,657
Administration	392,402	477,994
Interest	8,097	3,447
	5,807,384	1,195,607
OPERATING INCOME	872,137	150,665
Add (Deduct)		
Gain on sale of uranium subsidiary	-	3,348,040
Gain on dilution of interest in subsidiary	-	2,983,548
Writedown of investments and advances	-	(2,346,500)
Other	(88,966)	(356,138)
	(88,966)	3,628,950
INCOME BEFORE INCOME TAXES & MINORITY INTEREST	783,171	3,779,615
(Recovery of) Income taxes	(92,000)	2,804,208
Minority interest in income	-	98,656
NET INCOME	\$875,171	\$876,751
Income Per Share	\$0.02	\$0.02

(Unaudited - Prepared by Management)

Consolidated Statements of Cash Flow		
	Three Months Ended March 31,	
	1995	1994
OPERATING ACTIVITIES		
Net income	\$875,171	\$876,761
Items not affecting cash flows		
Depletion, depreciation and amortization	784,037	87,657
Gain on sale of uranium subsidiary	-	(3,348,040)
Gain on dilution of interest in subsidiary	-	(2,983,548)
Writedown of investments and advances	-	2,346,500
Other	48,509	152,289
Minority interest in income	-	98,656
Deferred income taxes	(100,000)	2,919,920
Cash flow from operations	1,607,717	150,195
Future site restoration costs	26,743	26,271
Cash disposed of on deconsolidation of subsidiary	-	(9,500,094)
Net change in non-cash operating balances	1,496,853	(230,134)
Cash provided by (used in) operating activities	3,131,313	(9,553,762)
FINANCING ACTIVITIES		
Issue of common shares	5,683,618	-
Proceeds on shares issued by subsidiary to minority interests	-	9,440,918
Cash provided by financing activities	5,683,618	9,440,918
CASH PROVIDED BY OPERATING AND FINANCING ACTIVITIES	8,814,931	112,844
INVESTMENT ACTIVITIES		
Proceeds on sale of uranium subsidiary, net of cash of \$42,092	-	(14,148,376)
Acquisition of subsidiary, net of cash of \$1,068,648	5,466,220	-
Acquisition and development of mineral properties	3,559,838	1,084,149
Other	(23,697)	37,087
Cash used in (provided by) investment activities	9,002,361	(13,027,140)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(187,430)	12,914,296
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	17,849,354	4,254,050
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$17,661,924	\$17,168,346
Cash Flow From Operations Per Share	\$0.03	\$0.00

(Unaudited - Prepared by Management)

Imperial Metals Corporation

1st Quarter Report
March 31, 1995

To Our Shareholders

This quarterly report is for the three month period from January 1, 1995 to March 31, 1995. Imperial changed to a calendar year reporting basis effective December 31, 1994. The comparative results for the quarter ended March 31, 1995 are those of the fourth quarter of the fiscal year completed March 31, 1994. Two significant events affect the comparison: (a) the merger with Bethlehem Resources Corporation and inclusion of Bethlehem operations from January 1, 1995; and, (b) the deconsolidation of Cathedral Gold Corporation effective March 31, 1994.

The financial highlights for the three months ended March 31, 1995 are as follows:

Financial Highlights

	Three Months Ended March 31		
	1995	1994	% Change
Revenues	\$6,680,000	\$1,346,000	+396
Operating Income	\$ 872,000	\$ 151,000	+477
Net Income	\$ 875,000	\$ 877,000	-
Net Income Per Share	\$0.02	\$0.02	-
Cash Flow	\$1,608,000	\$ 150,000	+972
Cash Flow Per Share	\$0.03	\$0.00	N/A

Financial Results

First quarter revenues totalled \$6,680,000 compared to \$1,346,000 in the first quarter of 1994. Operating income increased to \$872,000 from \$151,000 in the first quarter of 1994. Net income in the first quarter of 1995 was \$875,000 (\$0.02 per share) compared to net income of \$877,000 (\$0.02 per share) in the first quarter of 1994. The 1995 first quarter net income

is a result of profitable operations at the Goldstream Mine. The 1994 quarter included one time gains from the sale of the uranium subsidiary and dilution of interest in subsidiary.

Imperial issued 3,963,516 shares and paid \$2 million in cash subsequent to March 31, 1995 to complete the merger with Bethlehem. The number of issued and outstanding Imperial shares is currently 56,977,093.

At March 31, 1995 Imperial had \$17,662,000 in cash and cash equivalents and no debt.

Bethlehem Merger

The merger with Bethlehem Resources Corporation was completed on February 27, 1995. The Goldstream Mine, located near Revelstoke, B.C., is now 50% owned and operated by Imperial, through its wholly owned subsidiary, Bethlehem Resources Corporation. Imperial's 50% share of production from the Goldstream Mine in the first quarter of 1995 amounted to 3.6 million pounds of copper in concentrate and 0.4 million pounds of zinc in concentrate. In addition to the producing Goldstream Mine, the merger with Bethlehem provided Imperial with two copper-gold properties with defined reserves in British Columbia and one gold property in El Salvador, as well as a team of individuals very experienced in mine design, construction and operations.

Mount Polley

Following the merger with Bethlehem, the Company assembled a project team to revise the feasibility study for the Mount Polley project. This feasibility study was completed in February, 1995.

In conjunction with work contemplated in the revised feasibility study Imperial invested \$2,004,000 on acquisition and development work on the Mount Polley project during the quarter ended March 31, 1995.

On April 11, 1995, Imperial reached agreement in principle with Sumitomo Corporation of Japan on a project financing arrangement for the development of Mount Polley as a 15,000 ton per day open pit copper-gold mine. The final agreement is subject to certain conditions including due diligence.

The agreement contemplates Sumitomo making available to Imperial project debt financing of up to \$47.7 million. In addition, Sumitomo will fund its 35% share of the estimated \$102 million development cost. Sumitomo will also pay fixed and contingent earn-in amounts. The fixed amount will total \$5.6 million, to be invested directly into the project. The contingent amount, to be paid to Imperial over the life of the mine, could total more than \$20 million depending upon a number of factors such as metal prices, operating costs, metal production and exchange rates.

Sumitomo will acquire a 35% joint venture participating interest in the project by funding in excess of \$85 million of project expenditures, through a combination of project debt financing to Imperial, cost share payments and earn-in expenditures. Imperial will operate and retain a 65% joint venture participating interest in Mount Polley.

As part of the financing arrangement, Imperial has agreed to grant 2 million common share purchase warrants to Sumitomo, exercisable until June 30, 1997 at a price of \$1.40 per share for the first 1 million common shares and \$1.70 for the next 1 million common shares. Also, Sumitomo will act as a concentrate sales marketing agent for the project.

All of the major process equipment required for the project has been purchased. The flowsheet arrangement is standard with three stage crushing followed by a two line, three stage rod/ball/pebble mill grinding circuit. Site construction is expected to commence early in June 1995 and should be completed by late 1996 with commercial production commencing early in 1997.

Geological reserves at Mount Polley are approximately 231 million tonnes (254 million tons) grading 0.26% copper and 0.338 g/t (0.01 oz/t) gold. From this reserve the initial design pit contains 49 million tonnes (54 million tons) of higher grade material at 0.389% copper and 0.556 g/t (0.016 oz/t) gold. The initial pit has sufficient reserves for at least 10 years of mine life at the minimum projected rate of production of 5 million tonnes per year, and is increased to 14 years when the treatment of low grade material produced in the first 10 years of operation is included. There is demonstrable ore reserve expansion potential within the projected pit limits and elsewhere on the property. Mount Polley is not subject to any royalty, net profits or other underlying interests.

The project has received a Mine Development Certificate from the British Columbia Ministry of Energy, Mines and Petroleum Resources, with the concurrence of the Ministry of Environment, Lands and Parks. Other authorizations required to commence construction are expected to be in place shortly.

Outlook

With a copper price of US\$1.25/lb, a gold price of US\$375/oz and a \$0.72 Canadian dollar, revenues in 1995 should reach \$25 million. Net income under these assumptions will exceed \$2.5 million and cash flow will be \$5.6 million. This level of earnings and cash flow should be sustainable through 1996.



N. Murray Edwards, Chairman



Pierre Lebel, President