

To Our Shareholders

MOUNT POLLEY

Construction permits received. Due diligence nearing completion

We are pleased to report that all permits required to commence construction at Mount Polley have been received. Work will begin immediately on soil stripping in the mill site area and completion of the final section of road access to the project in anticipation of heavy construction start-up in the spring of 1996.

Results from the recent round of metallurgical due diligence testwork by independent laboratories on fresh ore samples were positive with improved copper and gold recoveries and better concentrate grades than in the last round of tests on ore samples from 1988-1989 drilling. The most recent testwork, which was carried out on first year ore in accordance with due diligence requirements, included 13 bench scale float tests followed by four locked cycle tests by Westcoast Mineral Testing and four confirmatory locked cycle tests by G&T Metallurgy. Based on these tests, the net smelter value of Mount Polley ore would be generally higher than indicated by the 1990 Wright Engineers feasibility study.

A report on this recent metallurgical due diligence testwork is nearing completion and will be presented to Sumitomo Corporation early in September together with a revised ore reserve estimate taking into account the results of all drilling carried out at Mount Polley after completion of the 1990 Wright Engineers feasibility study.

GOLDSTREAM MINE

Shutdown Program Nearing Completion

In mid July, milling operations at the Goldstream Mine's 1000 tonne per day mill were temporarily shut down in order to allow underground development to advance following slow ramp development and poorer than expected ore recovery in the 250 metre panel.

The shutdown program is now nearing completion and milling operations are expected to resume on September 3, 1995. They will continue until January 31, 1996 when

the economic mining limits of the existing ore body will have been reached under present conditions.

A significant effort is being made to discover additional ore through drilling programs now underway in the area of the Goldstream deposit and on properties in the vicinity of the Mine.

Bethlehem Resources Corporation, a wholly owned subsidiary of Imperial, operates and owns a 50% interest in the Goldstream Mine which is located near Revelstoke, British Columbia.

MIRAGE/EL DORADO

El Dorado Stake Sold to Mirage

On August 3, 1995, Bethlehem Resources Corporation, a wholly owned subsidiary of Imperial, completed the sale of its 25% interest in the El Dorado gold project in El Salvador to Mirage Resource Corporation, the project operator, for 3.6 million shares of Mirage. At the same time, Bethlehem purchased an additional 483,460 shares of Mirage at \$1.50 per share under a 2 million share private placement. The remainder of the private placement shares were taken up by Kinross Gold Corporation. Imperial now holds 4,083,460 shares of Mirage representing 24% of Mirage's 16.9 million issued and outstanding shares.

Mirage reports current in-situ reserves at El Dorado of over 1 million ounces of gold and 7.7 million ounces of silver. The expansion potential of this resource is very high. Mirage now holds a 100% interest in the El Dorado project subject to a 50% back-in right held by Kinross. A pre-feasibility study, which triggers the back-in right, is expected shortly.

FINANCIAL RESULTS

Second quarter revenues totalled \$6,681,000 compared to \$753,000 in the second quarter of 1994. Imperial incurred an operating loss of \$789,000 in the second quarter of 1995 compared to an operating income of \$157,000 in the second quarter of 1994. Net loss in the second quarter of 1995 was \$666,000 (\$0.01 per share) compared to net income of \$225,000 (\$0.00 per share) in the second

quarter of 1994. The 1995 second quarter net loss is the result of higher operating loss and non cash depletion expenses at the Goldstream Mine. The 1994 second quarter included one time gains from the sale of marketable securities.

During the second quarter of 1995 Imperial issued 3,963,516 shares and paid \$2 million in cash to complete the merger with Bethlehem. The number of issued and outstanding Imperial shares is currently 57,036,593.

At June 30, 1995 Imperial had \$13,798,000 in cash and cash equivalents and no debt.

Highlights

The financial highlights for the six months ended June 30, 1995 are as follows:

	Six Months Ended June 30		
	1995	1994	% Change
Revenues	\$13,361,000	\$2,099,000	+537
Operating Income	\$83,000	\$308,000	-73
Net Income	\$209,000	\$1,102,000	-81
Net Income Per Share	\$0.00	\$0.02	-100
Cash Flow	\$2,386,000	\$503,000	+374
Cash Flow Per Share	\$0.04	\$0.01	+339

Change to Calendar Year Reporting

Imperial changed to a calendar year reporting basis effective December 31, 1994. The comparative results for the quarter ended June 30, 1995 are those of the first quarter of the short fiscal year ended December 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.


N. Murray Edwards, Chairman


Pierre Lebel, President

Imperial Metals Corporation

2nd Quarter Report
June 30, 1995

577033
Mt. Polley

CONSOLIDATED STATEMENTS OF INCOME
Second Quarter Ended June 30, 1995

CONSOLIDATED STATEMENTS OF CASH FLOWS
Second Quarter Ended June 30, 1995

	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
REVENUES				
Mineral, net of royalties	\$6,219,552	\$150,677	\$12,367,412	\$1,146,779
Oil and natural gas, net of royalties	75,158	274,006	196,449	474,997
Management fees	151,579	69,015	242,136	94,331
Interest	235,308	259,095	555,121	382,958
	6,681,597	752,793	13,361,118	2,099,065
EXPENSES				
Mineral production, treatment and transportation	5,493,846	138,980	10,040,057	729,135
Oil and natural gas production	47,564	69,870	124,241	106,224
Depletion, depreciation and amortization	1,501,909	73,049	2,285,946	160,706
Administration	427,443	313,438	819,845	791,432
Interest	-	437	8,097	3,884
	7,470,762	595,774	13,278,186	1,791,381
OPERATING INCOME (LOSS)	(789,165)	157,019	82,932	307,684
Add (Deduct)				
Gain on sale of uranium subsidiary	-	-	-	3,348,040
Gain on dilution of interest in subsidiary	-	-	-	2,983,548
Writedown of investment and advances	-	-	-	(2,346,500)
Other	54,389	159,285	(34,577)	(196,853)
	54,389	159,285	(34,577)	3,788,235
Income (Loss) Before Income Taxes and Minority Interest	(734,776)	316,304	48,355	4,095,919
(Recovery of) Income Taxes	(68,608)	91,000	(160,608)	2,895,208
Minority Interest in Income	-	-	-	98,656
Net Income (Loss)	\$(666,168)	\$225,304	\$208,963	\$1,102,055
Income (Loss) Per Share	\$(0.01)	\$0.00	\$0.00	\$0.02

(Unaudited Prepared by Management)

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	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
OPERATING ACTIVITIES				
Net Income (Loss)	\$(666,208)	\$225,304	\$208,963	\$1,102,055
Operations				
Depletion, depreciation and amortization	1,501,909	73,049	2,285,946	160,706
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	10,395	(33,437)	58,904	118,852
Minority interest in income	-	-	-	98,656
Deferred income taxes	(68,000)	88,000	(168,000)	3,007,920
	778,096	352,916	2,385,813	503,101
Future site restoration costs	50,730	19,981	77,473	46,252
Cash disposed of on deconsolidation of subsidiary	-	-	-	(9,500,094)
Net change in non-cash operating balances	(1,667,764)	(554,517)	(170,911)	(784,641)
Cash provided by (used in) operating activities	(838,938)	(181,620)	2,292,375	(9,735,382)
FINANCING ACTIVITIES				
Issue of common shares	31,500	-	5,715,118	-
Proceeds on shares issued by subsidiary to minority interest	-	-	-	9,440,918
Cash provided by (used in) financing activities	31,500	-	5,715,118	9,440,918
CASH PROVIDED BY (USED IN) OPERATING AND FINANCING ACTIVITIES	(807,438)	(181,620)	8,007,493	(294,464)
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	32,846	-	5,499,066	-
Acquisition and development of mineral properties	3,229,106	33,032	6,788,944	1,117,181
Other	(204,973)	95,734	(228,670)	132,821
Cash used in (provided by) investment activities	3,056,979	128,766	12,059,340	(12,898,374)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,864,417)	(310,386)	(4,051,847)	12,603,910
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	17,661,924	17,168,346	17,849,354	4,254,050
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$13,797,507	\$16,857,960	\$13,797,507	\$16,857,960

(Unaudited Prepared by Management)