

To Our Shareholders

Mount Polley

Soil stripping in the mill site area, access road extension and tailings dam site preparation were completed during September and October in anticipation of project construction start up in the Spring of 1996. The cost of the Fall program was borne by the Mount Polley Joint Venture (Imperial 65%, Sumitomo Corporation 35%).

A revised ore reserve estimate, taking into account the results of all recent drilling carried out at Mount Polley, has now been completed. It compares to the 1990 Wright Engineers feasibility study estimate as follows:

	Tonnes	Gold gm/t	Contained Ounces of Gold	Copper %	Contained Pounds of Copper
Revised Estimate	81,500,000	0.414	1,085,000	0.30	540,000,000
Wright Estimate	49,000,000	0.556	876,000	0.38	410,000,000

Stripping ratios (waste to ore) for the 81.5 million tonne orebody are 1.12 to 1 as compared to 1.76 to 1 for the 49 million tonne orebody in the Wright Engineers study.

Revised technical and economic data is now under review by Sumitomo Corporation and infrastructure assistance negotiations are underway with the Provincial Government. A decision on project financing is expected by year end.

Giant Copper

Exploration activities were resumed during the quarter following a 5 year hiatus during which little or no exploration had been carried out because of uncertainty over mine development. This uncertainty has now been resolved following the B.C. Government's decision to draw the boundaries of the new Skagit Valley Park outside the Property. Also, a large buffer zone has been established around the Giant Copper Claims, which cover 41 km², and access to them has been guaranteed.

Eight holes totaling 4,559 feet were completed and 41 continuous channel samples were collected from surface outcrop of mineralized breccia. All but two holes intersected significant intervals of copper, gold, silver and molybdenum.

Multiple zones of mineralization were tested within the main AM Breccia ore zone. The program delineated a new zone of mineralized breccia south of the high grade North Nose Zone and confirmed the potential for a second new zone of near surface mineralization east of the North Nose Zone, initially identified in the underground workings of previous property owners.

The immediate objective of the current exploration program is to rapidly move the Property to the feasibility study stage by expanding the AM Breccia which contains a resource presently estimated at 23 million open pit tons grading 0.75% copper, 0.015 oz/t gold and 0.35 oz/t silver.

Significant drill intercepts are listed below:

Drill Hole No.	From (Feet)	To (Feet)	Width (Feet)	Copper %	Gold g/t	Silver g/t	Moly %
GCS95-1	46.7	64.3	17.6	< 0.1	< .05	< 1.0	0.810
	64.3	90.3	26.0	0.803	< .05	25.7	< .01
	108.3	158.7	50.4	0.591	< .05	18.0	< .01
	292.0	314.0	22.0	0.333	< .05	9.9	< .01
GCS95-2	44.3	131.0	86.7	0.917	0.076	15.2	0.019
	351.0	395.0	44.0	0.399	0.451	9.6	0.039
GCS95-3	156.0	276.0	120.0	0.383	0.364	11.3	0.043
	308.4	456.0	147.6	0.360	< .05	8.6	< .01
	562.0	616.0	54.0	0.161	< .05	5.3	< .01
	616.0	644.8	28.8	0.998	0.584	34.6	< .01
GCS95-4				*	*	*	*
GCS95-5	381.7	383.8	2.1	< 0.1	8.12	7.0	< .01
	471.8	557.8	86.0	0.417	0.313	16.0	0.012
	481.0	496.0	15.0	1.163	0.230	42.0	0.020
GCS95-6	35.0	84.0	49.0	0.649	< .05	17.4	< .01
	342.4	398.9	56.5	0.180	< .05	6.4	< .01
	398.9	438.7	39.8	0.900	< .05	33.9	< .01
	462.2	482.0	19.8	0.226	0.338	11.4	< .01
	512.3	548.0	35.7	0.128	< .05	6.4	< .01
GCS95-7				*	*	*	*
GCS95-8	17.0	31.9	14.9	0.267	< .05	8.7	< .01
	45.4	112.9	67.5	0.175	< .05	4.7	< .01
	286.5	441.0	154.5	0.375	< .05	11.7	< .01
	302.0	339.0	37.0	0.915	< .05	29.8	< .01
	373.0	388.0	15.0	0.520	0.080	14.3	< .01
	474.0	515.0	41.0	0.189	< .05	4.5	< .01

* no significant assay

The next phase of drilling, scheduled for the spring of 1996, will test the new extensions of the mineralized zones at depth together with other highly prospective but largely untested breccia zones on the Property.

The 100% owned Giant Copper Property is located 40 km southeast of Hope, B.C.

Goldstream

Milling operations resumed as planned on September 3, 1995 following a shutdown in mid July to allow underground development to advance through poor ground conditions.

Copper production during the quarter was below budget due to lower than expected copper grades.

The January 31, 1996 date for shutdown of mining operations has now been confirmed. Efforts to find additional ore in the vicinity of the mine will continue.

Smithers Massive Sulphide Showing

A shallow six hole program was carried out on a new massive sulphide showing near Smithers, B.C. This drilling failed to intersect the mineralized zone which had been traced on surface for a distance of approximately 30 metres. The showing is a polymetallic massive sulphide consisting of coarse grained, massive pyrite, arsenopyrite, chalcopyrite, galena and sphalerite with anomalous gold and silver. Results from selected sampling on surface returned assays of up to 2.3 oz/t gold and 10 to 13 oz/ton silver with elevated copper, lead and zinc.

Upon completion of the recent exploration program, the Property was enlarged. Exploration activities will continue next summer.

Financial Results

The financial highlights for the nine months ended September 30, 1995 are as follows:

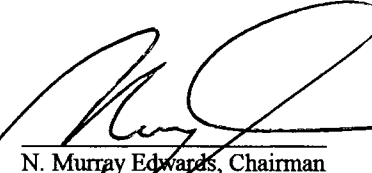
Nine Months Ended September 30

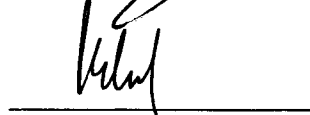
	1995	1994
Revenues	\$17,913,435	\$2,865,506
Net (Loss) Income	(\$873,075)	\$926,296
Net (Loss) Income Per Share	(\$0.02)	\$0.02
Cash Flow	\$2,053,567	\$530,821
Cash Flow Per Share	\$0.04	\$0.01

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.

Third quarter revenues totaled \$5,260,000 compared to \$750,000 during the third quarter of 1995. The operating loss during the quarter was \$710,000 compared to an operating income of \$16,000 during the third quarter of 1994. The net loss in the third quarter of 1995 was \$1,080,000 (\$0.02 per share) compared to a net loss of \$132,000 (\$0.00 per share) in the comparable quarter. The third quarter loss is attributable to lower copper grades, lower production and higher operating costs at the Goldstream mine.

The Company's balance sheet is strong with cash and cash equivalents of \$9,000,000 at September 30, 1995. Working capital is \$11,600,000 and the Company is debt free.


N. Murray Edwards, Chairman


Pierre Lebel, President

3rd Quarter Report
September 30, 1995

CONSOLIDATED STATEMENTS OF INCOME
Third Quarter Ended September 30, 1995

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1995	1994	1995	1994
REVENUE				
Mineral, net of royalties	\$3,978,309	\$167,651	\$16,345,721	\$1,314,430
Oil and natural gas, net of royalties	216,113	167,569	412,562	642,566
Management fees	115,314	159,910	357,450	254,241
Interest	242,581	271,311	797,702	654,269
	<u>4,552,317</u>	<u>766,441</u>	<u>17,913,435</u>	<u>2,865,506</u>
EXPENSES				
Mineral production, treatment and transportation	4,120,826	131,329	14,160,883	860,464
Oil and natural gas production	84,899	88,657	209,140	194,881
Depletion, depreciation and amortization	658,324	64,056	2,944,270	224,762
Administration	382,654	462,823	1,202,499	1,254,255
Interest	15,573	2,832	23,670	6,716
	<u>5,262,276</u>	<u>749,697</u>	<u>18,540,462</u>	<u>2,541,078</u>
OPERATING (LOSS) INCOME	<u>(709,959)</u>	<u>16,744</u>	<u>(627,027)</u>	<u>324,428</u>
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	(420,079)	(147,014)	(454,656)	(343,867)
	<u>(420,079)</u>	<u>(147,014)</u>	<u>(454,656)</u>	<u>3,641,221</u>
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	<u>(1,130,038)</u>	<u>(130,270)</u>	<u>(1,081,683)</u>	<u>3,965,649</u>
(Recovery of) Income Taxes	(48,000)	2,489	(208,608)	2,897,697
Minority Interest in Income	-	-	-	98,656
	<u>(1,178,038)</u>	<u>(127,781)</u>	<u>(1,290,291)</u>	<u>4,961,999</u>
NET (LOSS) INCOME	<u>\$ (1,082,038)</u>	<u>\$ (132,759)</u>	<u>\$ (873,075)</u>	<u>\$ 969,296</u>
(Loss) Income Per Share	\$ (0.02)	\$ 0.00	\$ (0.02)	\$ 0.02

(UNAUDITED - PREPARED BY MANAGEMENT)

Imperial Metals Corporation
Suite 420 - 355 Burrard Street
Vancouver, B.C. Canada
V6C 2G8

CONSOLIDATED STATEMENTS OF CASH FLOWS
Third Quarter Ended September 30, 1995

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1995	1994	1995	1994
OPERATING ACTIVITIES				
Net (Loss) Income	\$ (1,082,038)	\$ (132,759)	\$ (873,075)	\$ 969,296
Operations				
Items not affecting cash flows				
Depletion, depreciation and amortization	658,324	64,056	2,944,270	224,762
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	136,468	111,413	195,372	230,275
Minority interest	-	-	-	98,656
Deferred income taxes	(45,000)	(15,000)	(213,000)	2,992,920
	<u>(332,246)</u>	<u>27,710</u>	<u>2,053,567</u>	<u>530,821</u>
Future site restoration costs	41,697	16,537	119,170	62,789
Cash disposed of on deconsolidation of subsidiary	-	-	-	(9,500,094)
Net change in non-cash operating balances	(977,786)	51,475	(1,148,697)	(733,176)
Cash provided by (used in) operating activities	<u>(1,268,335)</u>	<u>95,722</u>	<u>1,024,040</u>	<u>(9,639,660)</u>
FINANCING ACTIVITIES				
Issue of common shares	65,430	290,000	5,780,548	290,000
Proceeds of shares issued by subsidiary to minority interests	-	-	-	9,440,918
Cash provided by financing activities	<u>65,430</u>	<u>290,000</u>	<u>5,780,548</u>	<u>9,730,918</u>
CASH PROVIDED BY (USED IN) OPERATING AND FINANCING ACTIVITIES	<u>(1,202,905)</u>	<u>385,722</u>	<u>6,804,588</u>	<u>91,258</u>
INVESTMENT ACTIVITIES				
Purchase of investments	3,334,975	-	3,334,975	-
Proceeds of sale of uranium subsidiary, net of cash of \$42,092	-	-	-	(14,148,376)
Acquisition of subsidiary, net of cash of \$1,068,648	2,894	-	5,501,960	-
Acquisition and development of mineral properties	2,414,403	86,800	9,203,347	1,203,981
Proceeds on sale of mineral properties	(2,513,167)	-	(2,513,167)	-
Reclamation Bonds	360,500	-	360,500	-
Other	(47,038)	74,480	(275,708)	207,301
Cash used in (provided by) investment activities	<u>3,552,567</u>	<u>161,280</u>	<u>15,611,907</u>	<u>(12,737,094)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(4,755,472)</u>	<u>224,442</u>	<u>(8,807,319)</u>	<u>12,828,352</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>13,797,507</u>	<u>16,857,960</u>	<u>17,849,354</u>	<u>4,254,050</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 9,042,035</u>	<u>\$ 17,082,402</u>	<u>\$ 9,042,035</u>	<u>\$ 17,082,402</u>

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