IMPERIAL METALS
C O R P O R A T I O N

1996 Annual Report

CONTENTS

Annual General Meeting
2:00 pm Friday, May 23, 1997
Cypress Room, Hyatt Regency
655 Burrard Street
Vancouver, British Columbia

Cover: Composite photo of development and construction at Mount Polley gold-copper mine, British Columbia.

Imperial Metals Corporation

1996 Highlights

- Mount Polley gold-copper mine financed in April 1996. Construction commenced in May 1996 and advanced rapidly with completion now scheduled for May 31, 1997 **on budget and 5 months ahead of schedule!**

- Fifty three percent held (9 million shares) Colony Pacific Explorations Ltd. is refocused. Strategic Alliance entered into with Inco Limited for exploration on island of Sumatra, Indonesia. Acquisition of Karang, Gedang, Ranau and Aceh properties covering over 13,000 square kilometres. $8.6 million raised at $6 per share.

- Acquisition of Regional Resources Ltd., giving Imperial a 100% interest in the Silvertip project, a silver-lead-zinc deposit having a gross value per tonne of ore **on the order of US $160.** The project has considerable potential for reserve expansion at similar ore values.

- Successful exploration programs completed at Invermay and Chaco Bear in British Columbia and at M'Banga in Niger, West Africa.

- Forty percent held (5.5 million shares) Cathedral Gold Corporation completes a $1.275 million financing for exploration in Honduras and Guyana.

- Sale of 25% interest in El Dorado property yields $8.8 million.

To The Shareholders

Mount Polley

Construction of the Mount Polley open pit gold-copper mine commenced on May 29, 1996. Original estimates called for the 18,000 tonne per day plant to be completed in October 1997 at a cost of $123.5 million. We are pleased to report that construction will be completed by the end of May 1997, within budget and almost five months ahead of schedule! Plant tune-up and commissioning will begin in June followed by commencement of commercial production in July.

Acceleration of the project schedule by nearly five months is a remarkable achievement considering the many challenges faced by the construction team. The rapid pace of construction was made possible by comprehensive planning, good relations and cooperation between the various contractors, advanced construction techniques, offsite refurbishing, prefabrication, assembly and testing, and most importantly by the experience and expertise of Imperial's strong and well motivated mine development team headed by Imperial Director Henry G. Ewanchuk, Senior Vice President and Chief Operating Officer Brian Kynoch and Vice President, Development Malcolm Swallow.

Mount Polley is located 56 kilometres northeast of Williams Lake in central British Columbia. Imperial is the operator with a 55% interest. Sumitomo Corporation of Japan holds a 45% interest and is the concentrate marketing agent for the joint venture. Initial mineable reserves are 82.3 million tonnes grading 0.417 g/t (0.012 oz/t) gold and 0.3% copper, containing 1.1 million ounces of gold and 544 million pounds of copper. This will provide an initial mine life of 12 years, with potential for reserve expansion within the property boundaries. The stripping ratio is 1.16 to 1 and the project is not subject to any royalty, net profits or other underlying interests.

Project debt financing for Imperial's cost share was arranged through Sumitomo Corporation, which has provided to Imperial a project loan facility of up to $54 million.

Silvertip

In November, Imperial acquired a 100% interest in the Silvertip (formerly Midway) silver-lead-zinc deposit located on the British Columbia-Yukon Territory border approximately 75 miles west of Watson Lake, Yukon Territory. The Silvertip property covers approximately 227 square kilometres and is accessible by road from the Alaska Highway. Mineable reserves are presently estimated at 1.4 million tonnes grading 317 g/t (9.3 oz/t) silver, 5.8% lead and 8.3% zinc having a gross value of US$160/tonne of ore at current metal prices. Preliminary metallurgical test work indicates that good quality silver, lead and zinc concentrates can be produced from Silvertip ore.

Silvertip was discovered in 1982. First thought to be a shale hosted zinc-lead deposit, it subsequently developed into a major precious-base metal find when spectacular silver rich mineralization was intersected in the underlying limestone formation.

Intensive exploration followed the discovery of this silver rich mineralization and over $15 million was spent on the property in the period 1982 through 1985. The estimated mineral resource fluctuated during this time as a result of the irregular shape of the deposit. At one point reserves were estimated to be as high as 6 million tonnes.

Underground exploration programs carried out in 1985, 1989 and in 1990 revealed that the mineralization was deposited in a network of irregular shaped cave systems in the limestone formation. Although this work reduced the mineable ore reserve estimate, Imperial believes that much larger cave systems may exist on the Silvertip property based on a study of comparable deposits located in Colorado, Tennessee and Mexico. Work in 1997 will be focused on finding these larger precious metal rich deposits.

Exploration Activities

Over the past twelve months, the Company waged an aggressive exploration campaign to advance its most promising projects toward feasibility stage. Encouraging results from 4,710 metres of diamond drilling on four silver-gold-copper projects in British Columbia and at the M'Banga gold property in Niger, West Africa provide the impetus for further work in 1997.

Exploration in 1997 will focus on the 100% owned Silvertip property, where diamond drilling will be employed to expand reserves and test new targets. Exploration work will also continue on the Company's suite of high quality properties including Chaco Bear, Invermay (formerly Giant Copper), Beekeeper, Mitchell Bay and M'Banga.

Financial

Revenues in 1996 were $6.1 million, derived mainly from the Goldstream mine which shut down in January 1996. Cash flow was $617,000, operating income was $505,000 and net income was $6,627,000.

During the year $31.5 million was invested in Mount Polley. A further $4.7 million was invested in other initiatives with the result that year end cash and working capital were $11.2 million and $8.7 million, respectively as compared to 1995 year end levels of $7.3 million cash and $10.0 million working capital.

Outlook

The Company looks forward to an extraordinary year of growth in 1997. The Mount Polley mine will be in production by July 1997 producing 100,000 ounces of gold during each of the first four years of operations. Copper production will average over 28 million pounds per year during the entire mine life. Mount Polley will provide Imperial with a strong and steady source of operating cash flow.

Total exploration expenditures within the Imperial Metals Corporation Group including Colony Pacific Explorations Ltd. and Cathedral Gold Corporation affiliates will exceed $10 million in 1997. The primary focus of Imperial's exploration effort will be on the 100% owned Silvertip property. Exploration programs will also be carried out at the 100% owned Chaco Bear, Mitchell Bay and Invermay properties as well as at the 50% owned Beekeeper and 48% owned M'Banga properties.

Fifty three percent held (9 million shares) Colony Pacific Explorations Ltd. and forty percent held (5.5 million shares) Cathedral Gold Corporation will provide additional exploration exposure in other parts of the world. Colony Pacific is presently carrying out major exploration programs under a Strategic Alliance with Inco Limited on four properties located on the island of Sumatra in Indonesia. Cathedral plans to follow up on promising work carried out in Guyana, Honduras and Nevada.

Imperial is committed to a mission of growth through acquisition, development and operation of mining properties. Once again we renew our commitment to you, our shareholders, that every initiative we pursue shall be driven by the single imperative, **the creation of shareholder value.**

We take this opportunity to recognize our contractors, consultants and especially our employees for their efforts and achievements during the past year. Thank you for a job very well done.

N. Murray Edwards,
Chairman

Pierre Lebel,
President

Mounte Polley

We are pleased to report that construction will be completed by the end of May 1997, within budget and almost five months ahead of schedule! Plant tune-up and commissioning will take place in June followed by commencement of production in July.

View of mill and concentrator buildings

Construction History

In mid 1995 a limited program of soil stripping was carried out, allowing completion of final plans and permitting for the start of site construction in the spring of 1996. Construction commenced on May 29, 1996 with Imperial acting as Project Manager. By June, mill concrete foundations and footings were being poured with all concrete produced on site using a mixer truck system. Results were excellent enabling steel erection to commence in August with the crusher and mill building shells erected by mid September.

By the end of September, crews were pushing hard to complete both the crusher and mill buildings before the onset of winter in order to shelter equipment installation work from the elements. This goal was achieved at the end of October and installation of crushers, mills, floatation cells and related facilities and equipment took place during the winter months.

Other work during this period included pre-production stripping and mining of two benches in the Cariboo pit which was completed in September, generating 300,000 tonnes of ore. Work on the tailings dam commenced in June, but because of inclement weather, work on this front proceeded at a reduced rate for most of the summer. Work on the tailings dam proceeded through winter and was completed in March 1997. Construction of a 58 kilometre 69kv power line proceeded through the fall months and was completed in January 1997.

The plant will utilize up to 35,000 horsepower to crush, grind and process ore at the rate of 18,000 tonnes per day. Major process equipment and facilities at Mount Polley include (see chart below):

2	13 $^1/_2$' x 18' rod mills	6	12' column cells
2	13 $^1/_2$' x 28' ball mills	26	1000 ft^3 Agitair mechanical cells
3	17 $^1/_2$' x 25' pebble mills	8	300 ft^3 Agitair mechanical cells
1	16 $^1/_2$' x 32' regrind mill	1	5' high capacity thickener
1	42" x 65" gyratory crusher	2	PF-19 Larox pressure filters
1	7' standard crushers	2	50 ton cranes
3	7' shorthead cone crushers	1	10 ton crane

At the time of writing, the plant was 90% complete. All crushers were operational together with 10 of the 13 conveyors. All mills have been installed and crews are now completing electrical and piping work, aiming at mechanical completion by the end of May 1997, some 12 months after the start of construction, 5 months ahead of schedule and within budget.

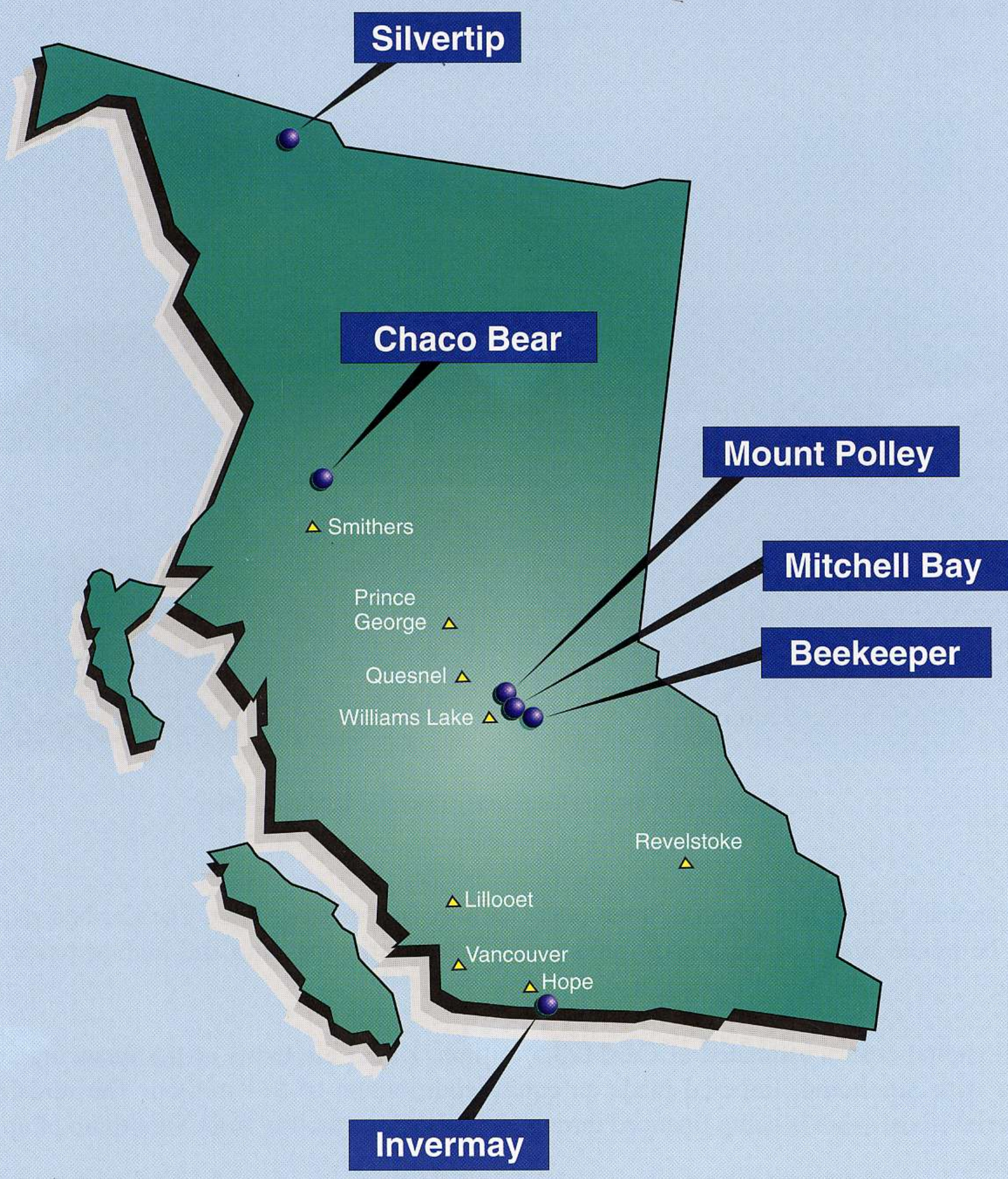
During the first four years of operation, the production cost per ounce of gold with copper as a credit, is US$189.

Conveyor #2 feeding the primary stockpile at Mount Polley

The deposit will be developed in three pits: Cariboo, Bell and Springer. The Cariboo pit, which will be mined first, has the highest gold grade, lowest stripping ratio and highest oxide copper ratio.

Total capital cost is estimated at Cdn$123.5 million. Under the terms of the financing arrangement with Sumitomo, Imperial made an equity contribution of $14 million. The remainder of Imperial's cost share is being financed through a project loan facility from Sumitomo of up to $54 million.

British Columbia Project Location Map



Exploration Review

In 1996, the Company continued to increase its portfolio through the acquisition of the Silvertip property (formerly Midway) and the Chaco Bear property. The Company plans to spend $3,000,000 in 1997 on exploration at Silvertip, Chaco Bear, Invermay (formerly Giant Copper), M'Banga, Mitchell Bay and Beekeeper.

Silvertip

In November, Imperial acquired a 100% interest in the Silvertip silver-lead-zinc deposit located 80 kilometres west of Watson Lake, Yukon. Current mineable reserves are 1.4 million tonnes grading 317 g/t (9.3 oz/t) silver, 5.8% lead and 8.3% zinc. The gross value per tonne of ore exceeds US$160 at current metal prices.

High value ore and exceptional ore reserve expansion potential were the main reasons for this acquisition. Two depositional styles are present: stratabound "exhalative" deposits and carbonate hosted, replacement and open space filling deposits. Ore deposit structures are open down dip.

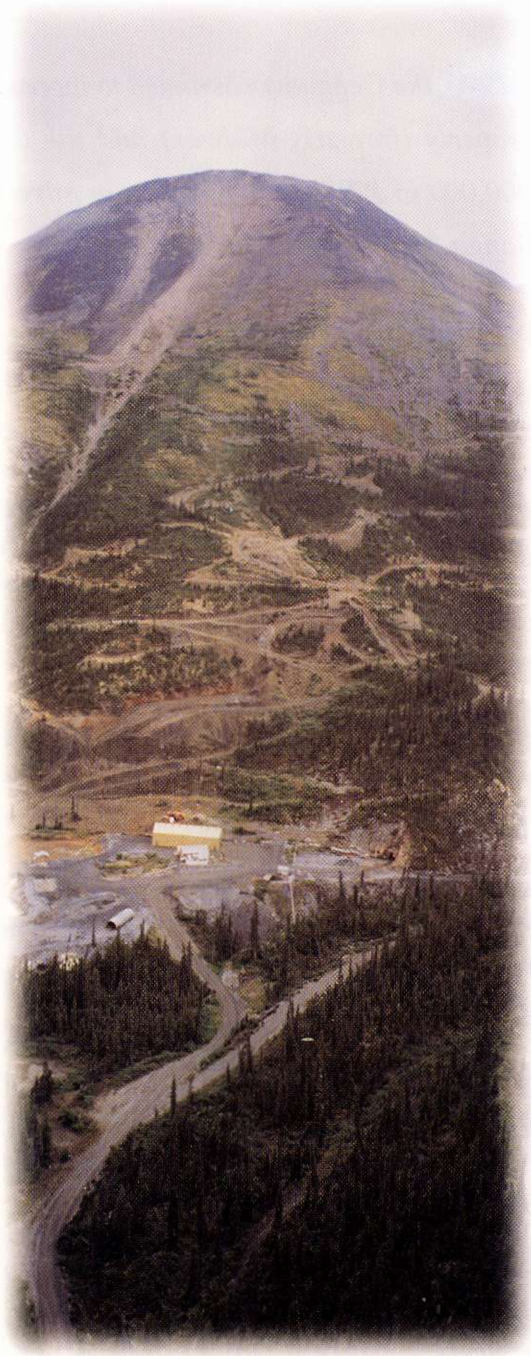
The geology of the Silvertip project is characterized as a Manto type deposit. A study of similar Manto deposits in Tennessee, Colorado and Mexico revealed that very large ore zones are often present in the vicinity of the type of mineralization already delineated at Silvertip. Imperial's 1997 efforts will be directed at finding these larger deposits.
Silvertip is an advanced, high value per tonne silver, lead and zinc resource which could be established as a viable deposit with limited additional work. It provides Imperial with an additional, near term opportunity, to become a multi mine precious metal producer.

Underground view of massive sulphide ore at Silvertip

The site facilities at Silvertip were last used in 1989/90 to support a major underground development program. Existing infrastructure includes a 40 man camp, mine water treatment plant and settling ponds. These facilities have been well maintained since 1990 and are more than adequate to support a surface exploration program or continuing underground activities.

The Silvertip deposit is located approximately 350 kilometres from the port of Skagway, Alaska. Production from Silvertip could conveniently be trucked to Skagway for shipment to smelters either in Canada or overseas. There is a concentrate handling system at Skagway, complete with loadout facilities suitable for lead/zinc concentrates. Due to the recent cessation of mining at Faro, the concentrate handling system at Skagway is presently under-utilized as are local concentrate trucking facilities.

Imperial has the required mining expertise to proceed with development once a positive feasibility study has been completed. Imperial personnel have experience in both large scale open pit and underground mines from development through production. Underground mining experience from the Goldstream mine will be applicable to Silvertip.



Aerial view of site facility at Silvertip

Chaco Bear

The Chaco Bear property, located 10 kilometres west of the B.C. Rail siding at Bear Lake and 150 kilometres north of Smithers, British Columbia, was acquired in 1996 based on prospecting and sampling which revealed several areas of anomalous precious and base metal mineralization.

Vuggy quartz vein/breccia with veins of grey, massive specular hematite

A float sample of weathered vein material, assayed 10,530 g/t (307.1 oz/t) silver and 39% copper. Values from numerous grab samples returned assays of up to 25.5 g/t (0.744 oz/t) gold, 36.9% copper, 2.9% lead and 5.6% zinc. A drill program abbreviated by the onset of winter, managed to test a northwest striking shear zone that assayed 1.49 g/t (0.043 oz/t) gold, 14.7 g/t (0.429 oz/t) silver and 0.58 % copper over 7 metres on surface. Just under 500 metres of drilling was carried out in 5 holes. All holes were mineralized and fairly consistent with the surface showing. Because of winter conditions, several other targets could not be accessed and further work is planned in 1997.

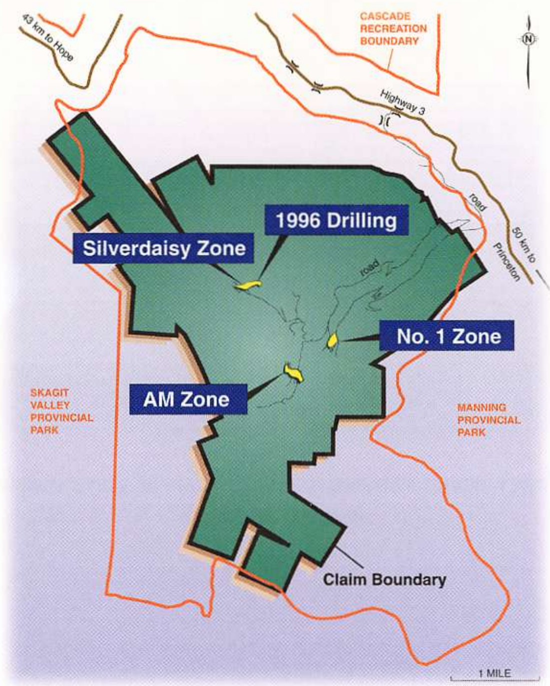
Imperial holds an option to acquire a 100% interest in the Chaco Bear property.

Looking north over lake on central part of property

Invermay

Imperial was very active during the summer and fall on its 100% owned Invermay (formerly Giant Copper) project located 40 kilometres east of Hope, B.C. The 1996 program included 2,837 metres of diamond drilling in 15 holes. Thirteen holes were drilled at the Silverdaisy zone to test for porphyry style mineralization below the high grade silver veins present at surface.

Work carried out at the Invermay property during the last two field seasons has delineated an open pitable resource of 29.5 million tons grading 0.653% copper, 0.011 oz/t (0.4 g/t) gold, 0.360 oz/t (12.3 g/t) silver. The focus of 1996 exploration work was the Silverdaisy Zone, approximately 1.5 kilometres northwest of the AM Zone, where 13 holes were drilled. Although all holes were mineralized with some fairly impressive intersections, the mineralization encountered thus far at Invermay in sub-economic. Notwithstanding, the system at Invermay appears to be very large and warrants ongoing systematic exploration.



Beekeeper

Imperial holds a 50% interest in the Beekeeper property, located approximately 22 kilometres southeast of the Mount Polley mine. An 11 hole, 1370 metre drill program completed in 1996 gave encouraging results, including a 22 metre intersection grading 0.7% copper and 0.96 g/t (0.028 oz/t) gold. The mineralization is located in a previously unrecognized intrusive breccia, very similar to the host of the Mount Polley deposit.

The geological similarity and physical proximity to Mount Polley makes this target worthy of further exploration. Work planned for 1997 includes additional drilling and ground geophysics.

M'Banga

Work continued in 1996 on the M'Banga gold concession in Niger, West Africa with a combination of diamond drilling and soil sampling. Only a small portion of the property has been explored to date and this area has been found to contain a large network of gold bearing stockwork veins. Intersections include 1.12 g/t (0.033 oz/t) gold over 27.5 metres on a shear zone.

Imperial is the operator and holds a 60% interest in M'Banga while Sumitomo Corporation holds 40%. The Government of Niger has the right to acquire up to 20% interest, 10% without cost and the additional 10% by contributing 10% of the equity required to fund development following completion of a feasibility study. In the event that the Government of Niger acquires a 20% interest in the concession, thereby reducing Imperial's interest to 48% and Sumitomo's interest to 32%, Imperial has the right to increase its interest to 51% by purchasing 3% of Sumitomo's interest for fair market value.

The potential of the M'Banga district is highlighted by the development of a one million ounce plus resource on the Placer-Etruscan Tiawa property nearby. Adjacent property owners to Imperial include Ashanti Goldfields and Barrick Gold.

Mitchell Bay

The 100% owned Mitchell Bay property is located less than 5 kilometres southeast of the Mount Polley property.

Drilling in 1996 intersected the subsurface extension of copper/gold mineralization found in outcrop. A subsequent geophysical survey showed the mineralization to be on the western perimeter of a large geophysical anomaly. Both the geological setting and geophysical signature of the area are highly characteristic of precious metal enriched porphyry copper deposits such as Mount Polley. Further work, including diamond drilling, is planned for 1997.

Affiliates

Colony Pacific Explorations Ltd.

Colony Pacific Explorations Ltd. (CYX-T), topped the list of best performing stocks on the Toronto Stock Exchange in 1996 starting the year at $0.15 and closing at over $8.00. The move increased the value to Imperial of 53% held (9 million shares) Colony to over $70 million.

The dramatic rise in the price of Colony shares is attributable to a joint venture entered into in May 1996 with Inco Limited to carry out mineral exploration and development on the island of Sumatra in Indonesia, and the exploration success that followed. To date, four properties covering just over 13,000 square kilometres have been acquired by the Colony-Inco joint venture. All properties are located along one of the major volcanic arcs of the Indonesian Archipelago. All are underlain by intrusive rocks similar to those associated with major porphyry deposits such as Grasberg (2 billion tonnes grading 1.2% copper and 1.2 g/t gold) and Batu Hijau (800 million tonnes grading 0.57% copper and 0.48 g/t gold). All have porphyry gold-copper and epithermal gold mineralization and alteration. The area of interest under the Colony-Inco joint venture covers the entire island of Sumatra.

The northernmost property, Aceh, which covers 5,738 square kilometres has been proven to have exceptional merit. Two discoveries have been made and 17 other mineralized areas remain to be followed up. Both discoveries, Beutong and Miwah were made in the Woyla River area which is held under a signed fifth generation Contract of Work.

Beutong is a copper porphyry system centered on a 10 kilometre long by 2 kilometre wide stream sediment copper anomaly. The discovery hole, announced on December 4, 1996, intersected 120 metres grading 1.06% copper and bottomed in mineralization. Subsequent step out drilling significantly expanded the mineralized area which is partially covered by a leached cap of weathered porphyry material.

Gold has been detected in surface trenches and within skarn material to the north of the main copper mineralization. Channel samples include 0.95% copper and 0.15 g/t gold over 6 metres. The bottom of hole 19, drilled almost entirely in skarn material, intersected 10 metres grading 1.06% copper and 0.42 g/t gold.

Preliminary drilling at the Miwah discovery, located 50 kilometres northwest of Beutong, has confirmed the presence of a high sulphidation gold-copper system. To date 13 holes totalling 3,144 metres have been drilled. Follow up drilling is scheduled at Miwah later in the year.

At Karang, Gedang and Ranau a recently completed airborne magnetic survey has outlined several geophysical anomalies which may rapidly develop into drill targets.

At Karang, a 2.2 kilometre long by 1 kilometre wide magnetic high anomaly has been outlined near the Tapan showing which is centered on a 721 ppm copper stream sediment sample.

At Gedang, a horseshoe shaped magnetic high anomaly has been outlined near a 2.5 kilometre long by 1.5 kilometre wide ridge. This very distinctive feature has been named the Tapal Kuda anomaly. A stream sediment sample originating form the ridge contains anomalous concentrations of copper, silver, arsenic and lead. Gold was not included in the original government geochemical analysis. The 2,000 square kilometre Gedang property is located immediately south of the Lebong district gold deposits which are the highest grade epithermal gold deposits in all of Indonesia grading on average 12 to 15 g/t gold. The Lebong district has produced 3 million ounces of gold. Field crews will be sampling in the Tapal Kuda area in June.

At Ranau, an elongated magnetic high anomaly 1.5 kilometres in length by 500 metres in width has been outlined at the centre of this 604 square kilometre property near a 208 ppm copper stream sediment sample. Field crews will be working at Ranau in June.

In December, Colony entered into an agreement for a bought deal financing with a syndicate of underwriters led by Midland Walwyn Capital Inc. and including Newcrest Capital Inc. and Pacific International Securities Inc. to raise $8.6 million by issuing 1,433,400 Special Warrants at a purchase price of $6.00 per Special Warrant. Each special warrant consists of one common share and one half of one Common Share Purehase Warrant. One full Common Share Purchase Warrant is exercisable at a price of $7.00 until January 7, 1998. This financing increased Colony's issued and outstanding shares to 17,015,518.

Colony is now entirely focused on its properties in Sumatra and looks forward in 1997 to the most active year of its history with exploration programs and budgets exceeding US$6 million.

Cathedral Gold Corporation

It was a very busy year for 40% held (5.5 million shares) Cathedral Gold Corporation (CAT-T). The Sterling Mine, owned 90% by Cathedral and 10% by Imperial, produced a record 14,674 ounces of gold in 1996, the highest level of gold production since the mine startup in 1980. Sterling is operating with very low levels of reserves and the operation is being closely monitored. An exploration agreement with Placer Dome to drill deep targets at Sterling is ongoing.

Following a detailed look at mine geology and exploration potential on the Sterling property, Placer Dome funded the drilling of three holes in 1996 with depths up to 1,500 feet below the mine workings. The results of this program are currently under review.

At Cathedral's 90% owned Kaburi Eldorado project in Guyana a reconnaissance drill program was carried out on exploration targets outside of the main Hicks Zone which hosts a geological resource of 3.1 million tonnes grading 0.06 oz/t gold (187,000 ounces). Reconnaissance drilling at Kaburi Eldorado included four holes at the Tallman property where previous work had outlined high grade coarse gold in both surface samples and drill holes. Although the reconnaissance program failed to intersect economic gold values, it did confirm a positive geological setting for gold deposition at Tallman, at the east Kaburi prospecting license area and at the 9 Mile prospecting license area. Further evaluation of the overall Kaburi Eldorado project is planned in 1997.

In April 1996 Cathedral acquired a 100% interest in the Lady property located 35 kilometres south of Tegucigalpa, the capital city of Honduras. Twelve holes were drilled in a disseminated hot springs type gold-silver system. Although no discovery was made, this drilling confirmed an excellent setting for a hot springs type disseminated gold deposit. The property has now been expanded to 110 square kilometres. Further work to systematically evaluate this target is planned for 1997. Also in 1996 Cathedral optioned a 65% interest in its Porcher Island property where $1 million of exploration work was carried out expanding previously discovered gold bearing zones. Additional drilling was also carried out at Cathedral's 75 North property by Cordex Exploration Company, providing additional exploration exposure for Cathedral and Imperial shareholders.

Management's Discussion and Analysis

General

The year ended December 31, 1996 was one of transition for Imperial as the Company's major revenue producing operation, the Goldstream mine, closed effective January 31, 1996 and construction commenced at the Mount Polley mine in May 1996 upon completion of financing arrangements with Sumitomo Corporation.

Imperial controls two public mineral exploration and development companies: Cathedral Gold Corporation and Colony Pacific Explorations Ltd. Imperial also holds non-operated, producing oil and natural gas properties and provides technical services to its affiliates.

Results of Operations

Financial Results

Operating revenues decreased to $6,121,000 in the year ended December 31, 1996 from $23,648,000 in the year ended December 31, 1995. Mineral revenues and operating costs were lower in 1996 compared to 1995 as a result of the closure of the Goldstream mine in early 1996. In the year ended December 31, 1996 the Company had operating income of $505,000 compared to an operating loss of $919,000 in the prior year. Cash flow from operations was $617,000 compared to $2,741,000 in the year ended December 31, 1995.

In the year ended December 31, 1996 Imperial recorded net income of $6,627,000 ($0.12 per share) compared to net loss of $1,035,000 ($0.02 per share) in the prior year. The large improvement from the net loss in 1995 to a net income in 1996 was primarily due to non recurring gains including the gain on sale of the Company's investment in Mirage Resources (El Dorado property).

Mineral

Mineral revenues decreased to $4,007,000 in 1995 from $21,580,000 in the prior year. The Goldstream orebody was being mined at increasingly greater depth and cost and in January 1996 mining operations were terminated when the economic mining limits of the orebody were reached. Revenues from the Company's 10% interest in the Sterling Mine increased to $763,000 in 1996 versus $604,000 in 1995.

Oil & Natural Gas

Oil and natural gas revenues increased to $804,000 in the year ended December 31, 1996 from $728,000 in the prior year. Natural gas production volumes increased 4% while oil production volumes fell 26%. Natural gas prices increased 18% while oil prices increased 28%. Natural gas revenues accounted for 91% of revenues in 1996 versus 88% in 1995.

Management Fees

Management fee revenues increased to $516,000 in the year ended December 31, 1996 from $427,000 in the prior year due to higher management fees charged to affiliates and higher exploration overhead generated from Imperial operated projects.

Interest Income

Interest income decreased to $795,000 in the year ended December 31, 1996 from $912,000 in the prior year reflecting lower average cash balances.

Administration Costs

Administration costs decreased 5% to $1,517,000 in the year ended December 31, 1996 from $1,603,000 in the prior year as a result of improved operating efficiencies.

Operations of Affiliates

Imperial holds equity interests in two publicly listed affiliated companies, Cathedral Gold Corporation and Colony Pacific Explorations Ltd. Imperial's share of the losses of those affiliates totalled $83,000 in the year ended December 31, 1996 compared to losses of $932,000 in the prior year.

Income Taxes

Income tax expense totalled $726,000 in the year ended December 31, 1996 on a pre tax income of $7,353,000 compared to an income tax recovery of $796,000 on a pretax loss of $1,831,000 in the prior year. The effective income tax rate in the year ended December 31, 1996 was 9.9% compared to the expected 45.6% expense rate as a result of the realization of previously unrecognized tax benefits from claiming capital losses carried forward. The 1995 income tax recovery rate was 43.5% of the pre tax loss, only marginally lower than the expected 45.6% recovery rate.

At December 31, 1996 the Company had sufficient unclaimed capital cost and resource pools to defer cash income taxes for the foreseeable future.

Liquidity & Capital Resources

Cash Flow From Operations

Cash flow from operations of $617,000 was generated in the year ended December 31, 1996 compared to $2,741,000 in the year ended December 31, 1995. The decline in 1996 cash flow was due to the closure of the Goldstream Mine in 1996.

Property Expenditures

Property acquisition and development expenditures totalled $33,061,000 in 1996 versus $12,954,000 in the year ended December 31, 1995. A total of $31,485,000 was spent in 1996 on the development and construction of the Mount Polley mine compared to $6,104,000 in 1995.

The balance of property expenditures in 1996 included acquisition of the remaining 50% interest in the Goldstream mine and exploration expenditures on the Company's properties.

In the year ended December 31, 1995 a total of $4,141,000 was spent on underground development and producing property, plant and equipment at the Goldstream mine.

The Company sold non core properties for proceeds of $1,000,000 in 1996 and proceeds of $2,606,000 in 1995.

Investments

Late in 1996 Imperial acquired 100% of Regional Resources Ltd. for cash of $4,064,000 and the issuance of $3,173,000 in common share equity of Imperial. Regional's major mineral asset is the Silvertip silver-lead-zinc property, an advanced stage exploration project in northern British Columbia.

In early 1995 Imperial acquired the remaining interest in Bethlehem Resources Corporation for $2,211,000 cash and the issuance of $4,360,000 in common share equity of Imperial.

During 1995 the Company sold 100% of its El Dorado property and active business interests in El Salvador for 3,600,000 shares of Mirage Resources Corporation. Early in 1996 Imperial traded its Mirage shares for Kinross Gold Corporation shares which were subsequently sold for net cash proceeds of $8,850,000.

During 1996 Imperial increased its ownership in Colony Pacific Explorations Ltd. by purchasing additional shares for cash of $720,000 to hold 9,029,040 shares (58%) at December 31, 1996 versus a 28% ownership percentage at December 31, 1995. The Company's holding in Cathedral Gold Corporation stood at 5,457,335 shares (40%) at December 31, 1996, compared to 41% at December 31, 1995.

Working Capital

Working capital decreased to $8,676,000 at December 31, 1996 from $9,989,000 at December 31, 1995.

Accounts receivable decreased in the year as a result of the closure of the Goldstream mine and accounts payable increased due to development and construction expenditures on the Mount Polley mine project.

Debt and Equity Financing

The Company has a US dollar loan facility with Sumitomo Corporation equal to the US dollar equivalent of Cdn$54 million for the construction of the Mount Polley mine. To December 31, 1996 the Company made drawdowns of US$17,000,000 on the loan facility.

In the year ended December 31, 1996 Imperial issued 2,538,720 shares at an ascribed value of $3,173,000 on the acquisition of Regional Resources Ltd. and 267,235 shares for proceeds of $244,000 on the exercise of employee stock options and employee share purchase plan purchases. In the prior year Imperial issued 3,963,516 shares at an ascribed value of $4,360,000 on the merger with Bethlehem Resources Corporation, 900,000 shares at an ascribed value of $1,170,000 on the acquisition of a mineral property interest and 502,303 shares for proceeds of $294,000 on the exercise of employee stock options and employee share purchase plan purchases.

Outlook

Imperial's business development and operating results are influenced by commodity prices, exchange rates, and the cost and availability of financing.

Completion of construction and commencement of production at the Mount Polley mine will be the main focus of the Company during 1997.

Key exploration projects such as Silvertip, M'Banga, Chaco Bear and Invermay will be advanced in 1997.

Revenues and cash flow from operations are expected to be higher with the commencement of mining operations at Mount Polley in mid 1997.

Oil and natural gas production volumes are expected to be slightly lower than 1996 levels due to normal production declines and management fees are also forecast to be lower.

The Board and management of the Company are committed to the ongoing improvement of financial performance through a policy of advancement of core assets, turning assets to account and engaging in new initiatives which compliment existing activities and skill sets.

Auditors' Report

To the Shareholders of
Imperial Metals Corporation

We have audited the consolidated balance sheets of Imperial Metals Corporation as at December 31, 1996 and 1995 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1996 and 1995 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants
Vancouver, British Columbia
March 28, 1997

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements and all information in the annual report are the responsibility of management. These consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information elsewhere in the annual report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records properly maintained to provide reliable information for preparation of financial statements. Deloitte & Touche, an independent firm of Chartered Accountants, has been engaged, as approved by a vote of the shareholders at the Company's most recent Annual General Meeting, to examine the consolidated financial statements in accordance with generally accepted auditing standards in Canada and provide an independent professional opinion. Their report is presented with the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee of the Board. This Committee, which is comprised of a majority of non-management Directors, meets with management and the external auditors to satisfy itself that management responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Pierre B. Lebel
President

Andre H. Deepwell
Vice President, Finance

March 28, 1997

IMPERIAL METALS CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 1996 and 1995

	1996	1995
ASSETS		
Current Assets		
Cash and cash equivalents	$11,246,662	$7,337,658
Marketable securities [Market value - $500,592 (1995-$765,430)]	405,255	693,100
Accounts receivable	1,379,933	4,619,480
Inventory	205,973	296,833
	13,237,823	12,947,071
Investments (Note 2)	6,080,109	8,198,287
Oil and Natural Gas Properties (Note 3)	1,179,921	1,280,830
Mineral Properties (Note 4)	57,192,651	21,262,556
Other Assets (Note 5)	2,808,134	500,195
	$ 80,049,638	$44,188,939
LIABILITIES		
Current Liabilities		
Accounts payable and accrued charges	$4,546,268	$2,817,161
Future site restoration costs	15,348	140,872
	4,561,616	2,958,033
Long Term Debt (Note 6)	23,991,550	-
Future Site Restoration Costs	482,258	409,394
Deferred Income Taxes	2,193,000	1,596,000
	31,228,424	4,963,427
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	44,790,960	41,373,575
Retained Earnings (Deficit)	4,479,254	(2,148,063)
	49,270,214	39,225,512
	$80,498,638	44,188,939

Approved by the Board:

N. Murray Edwards
Director

Pierre B. Lebel
Director

IMPERIAL METALS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
December 31, 1996 and 1995

	1996	1995
REVENUES		
Mineral, net of royalties	$4,007,063	$21,580,223
Oil and natural gas, net of royalties	803,787	728,244
Management fees	515,884	426,849
Interest	794,652	912,396
	6,121,386	23,647,712
EXPENSES		
Mineral production, treatment and transportation	3,369,129	18,970,512
Oil and natural gas production	239,579	212,113
Depletion, depreciation and amortization	490,963	3,781,331
Administration	1,516,680	1,603,195
	5,616,351	24,567,151
OPERATING INCOME (LOSS)	505,035	(919,439)
Add (Deduct)		
Equity loss in affiliates	(83,342)	(932,047)
Gain on sale of investments	5,292,628	138,602
Gain on sale of mineral property	935,609	-
Gain on dilution in interest in affiliates	567,848	-
Other	135,468	(118,509)
	6,848,211	(911,954)
INCOME (LOSS) BEFORE INCOME TAXES	7,353,246	(1,831,393)
Income taxes (recovery) (Note 8)	725,929	(796,168)
NET INCOME (LOSS)	6,627,317	(1,035,225)
(Deficit), Beginning of Year	(2,148,063)	(1,112,838)
Retained Earnings (Deficit), End of Year	$4,479,254	$(2,148,063)
Income (Loss) Per Share (Note 9)		
Basic	$0.12	($0.02)
Fully Diluted	$0.11	($0.02)

IMPERIAL METALS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 1996 and 1995

	1996	1995
OPERATING ACTIVITIES		
Net income (loss)	$6,627,317	$(1,035,225)
Items not affecting cash flows		
Depletion, depreciation and amortization	490,963	3,781,331
Equity loss in affiliates	83,342	932,047
Gain on sale of investments	(5,292,628)	(138,602)
Gain on sale of mineral property	(935,609)	-
Gain on dilution of interest in affiliates	(567,848)	-
Deferred income taxes	597,000	(818,000)
Other	(385,836)	19,038
	616,701	2,740,589
Net change in non-cash operating balances	5,495,619	251,680
Cash provided by operating activities	6,112,320	2,992,269
FINANCING ACTIVITIES		
Increase in long term debt	23,736,788	-
Issue of common shares	3,417,385	5,823,981
Cash provided by financing activities	27,154,173	5,823,981
CASH PROVIDED BY OPERATING AND FINANCING ACTIVITIES	33,266,493	8,816,250
INVESTMENT ACTIVITIES		
Purchase of investments	736,654	3,328,595
Proceeds on sale of investments	(8,631,966)	(222,303)
Acquisition of subsidiaries, net of cash of $4,073,367 (1995-$1,068,648)	3,163,516	5,501,960
Acquisition and development of properties	33,060,848	12,953,837
Proceeds on sale of properties	(1,000,000)	(2,605,707)
Other	2,028,439	371,564
Cash used in investment activities	29,357,489	19,327,946
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,909,004	(10,511,696)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,337,658	17,849,354
CASH AND CASH EQUIVALENTS, END OF YEAR	$11,246,662	$7,337,658

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, and reflect the following policies.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and all its wholly-owned subsidiaries and partnerships.

Cash and Cash Equivalents

Cash equivalents include money market instruments which are readily convertible to cash or have maturities at the date of purchase of less than ninety days.

Investments

Investments in corporations in which the Company exercises significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost and is adjusted to recognize the Company's share of earnings or losses and reduced by dividends and distributions received.

Other investments are accounted for using the cost method.

Investments are written down when a permanent and significant decline in their value has occurred.

Marketable Securities

Marketable securities are carried at the lower of cost and market value.

Inventory

Copper and Zinc

Copper and zinc concentrates are valued at the lower of production cost to produce saleable metal and net realizable value. Stores inventories are valued at the lower of cost and replacement cost.

Gold

Costs associated with gold ore under leach, bullion and supplies are valued at the lower of average cost and net realizable value.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Oil and Natural Gas Properties

The Company follows the successful efforts method of accounting for its oil and natural gas properties. Under this method, the initial acquisition costs and the costs of drilling and equipping development wells are capitalized. The costs of drilling exploratory wells are initially capitalized and, if subsequently determined to be unsuccessful, are charged to operations. All other exploration expenditures, including geological and geophysical costs and annual rentals on exploration acreage, are charged to operations as incurred. Lease acquisition costs, subsequently determined to be impaired in value, are charged to operations.

Depletion of the net capitalized costs of producing wells and leases is charged to operations on the unit-of-production method based upon estimated proven reserves.

Mineral Properties

Producing Mining Property, Plant and Equipment

Producing mining property, plant and equipment is carried at cost less accumulated depletion and depreciation. Depletion and depreciation are computed by property on the unit-of-production method based upon estimated recoverable reserves.

Maintenance and repairs are charged to operations when incurred. Renewals and betterments which extend the useful life of the assets are capitalized.

Preproduction and Exploration Properties

The Company follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development are capitalized by property.

Capitalized costs include interest and financing costs for amounts borrowed for mine development and plant construction, and operating costs, net of revenues, prior to the commencement of commercial production.

On the commencement of commercial production, net costs are charged to operations on the unit-of-production method by property based upon estimated recoverable reserves.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the properties, and on future profitable production or proceeds from the disposition thereof.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Site Restoration Costs

The estimated costs for restoration of producing resource properties are accrued and charged to operations over commercial production based upon total estimated restoration costs and recoverable reserves. The estimated costs for restoration of non-producing resource properties are accrued as liabilities when the costs of site clean-up and restoration are likely to be incurred and can be reasonably estimated. Actual site restoration costs will be deducted from the accrual.

Revenue Recognition

Gold, Copper and Zinc Concentrates

Estimated revenue, based upon prevailing metal prices, is recorded in the financial statements when the concentrates are loaded on rail cars for shipment to a smelter. The estimated revenue is subject to adjustment upon final settlement, which is usually four to five months after the date of shipment. These adjustments reflect changes in metal prices, changes in currency rates and changes in quantities arising from final weight and assay calculations. When recording this estimated revenue, the Company makes a provision for these potential adjustments.

Gold Bullion

Gold revenue is recorded in the financial statements when bullion is sold.

Hedge Contracts

The Company may enter into contracts as a hedge against currency and commodity price fluctuations for a portion of anticipated revenue and production. Any gains or losses on these contracts are recorded in sales when the hedged production is delivered and/or related revenue recognized.

Joint Ventures

A portion of the Company's exploration and operating activities is conducted jointly with others and accordingly these financial statements reflect only the Company's proportionate interest in such activities.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

The Company uses the temporal method to translate transactions and balances denominated in foreign currencies. Under this method, monetary items are translated at the rate of exchange in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at average exchange rates in the month they occurred except for depletion, depreciation and amortization of assets which are translated using the same rates as the related assets. Gains and losses on translation are recorded in the statement of income except for exchange gains and losses on long term monetary items which are deferred and amortized over the remaining life of the monetary item.

Debt Issue Costs

Debt issue costs are capitalized and amortized over the term of the debt to which they relate.

1. ACQUISITION OF SUBSIDIARIES

A. Effective November 28, 1996 a wholly owned subsidiary of the Company merged with Regional Resources Ltd. ("Regional") by acquiring all the issued and outstanding common shares of Regional. The consideration totalled $7,236,883 paid by issuance of 2,538,720 common shares of the Company at an ascribed value of $3,173,400, cash of $4,003,560 and expenses related to the acquisition of $59,923. This acquisition has been recorded using the purchase method of accounting.

Details of Net Assets acquired are as follows:

Working Capital, including cash of $4,073,367	$4,221,727
Mineral properties	3,015,156
Net assets acquired effective November 28, 1996	$7,236,883

B. Effective January 1, 1995 a wholly owned subsidiary of the Company merged with Bethlehem Resources Corporation ("Bethlehem") by acquiring the 77.7% of Bethlehem not owned by the Company. The consideration totalled $6,570,608, paid by issuance of 3,963,516 common shares of the Company at an ascribed value of $4,359,868, cash of $2,000,000 and expenses related to the acquisition of $210,740. This acquisition has been recorded using the purchase method of accounting.

Details of Net Assets acquired are as follows:

Working Capital, including cash of $1,068,648	$2,039,714
Mineral properties	6,886,474
Equipment and Leasehold Improvements	28,698
Future site restoration costs	(245,300)
Net Assets acquired	8,709,586
Less interest purchased in nine months ended December 31, 1994	2,138,978
Net Assets acquired effective January 1, 1995	$6,570,608

2. INVESTMENTS

	1996		1995	
	Ownership%		Ownership%	
Significantly influenced Affiliates				
Cathedral Gold Corporation	39.6	$4,547,298	41.4	4,047,957
Colony Pacific Explorations Ltd. (Note 14)	57.9	1,141,391	28.4	419,572
		5,688,689		4,467,529
Other				
Anglesey Mining plc	3.5	391,420	12.1	521,568
Mirage Resources Corporation	-	-	24.2	3,209,190
		391,420		3,730,758
		$6,080,109		$8,198,287

During February and May 1996 the Company increased its investment in Colony Pacific Explorations Ltd. ("Colony") to 60.7% as a result of the purchase of 4,800,000 common shares of Colony for cash of $720,000. Colony is not considered a subsidiary and has therefore not been consolidated with the accounts of the Company on the basis that the Company's control over Colony is temporary. As described in Note 14, the Company's interest in Colony was diluted to 53.1% subsequent to December 31, 1996 and on a fully diluted basis the Company's interest in Colony is 45%.

3. OIL AND NATURAL GAS PROPERTIES

	1996	1995
Developed Properties	$5,098,560	$5,040,478
Less accumulated depletion and writedowns	3,918,639	3,759,648
	$1,179,921	$1,280,830

4. MINERAL PROPERTIES

	1996	1995
Producing mining property, plant and equipment net of accumulated depletion and depreciation of $4,049,240 (1995 - $3,776,299)	$402,583	$1,139,928
Preproduction Property - Mount Polley acquisition, deferred exploration and development costs and construction in progress	46,528,791	15,044,563
Exploration Properties		
Acquisition and deferred exploration costs	10,261,277	5,078,065
	$57,192,651	$21,262,556

During the year the Company capitalized $774,790 (1995-$Nil) of interest expense and other fees on long term debt to preproduction property.

5. OTHER ASSETS

	1996	1995
Equipment and Leasehold Investments	$133,531	$139,695
Reclamation Bonds	943,858	360,500
Debt issue costs	670,588	-
Other	1,060,157	-
	$2,808,134	$500,195

6. LONG TERM DEBT

	1996	1995
US Dollar loan facility equal to the US Dollar equivalent of Cdn$54 million for construction of the Mount Polley Mine with interest at the 6 month Libor rate plus 1.5% secured by the Company's assets. Repayments are due in ten semi-annual installments commencing August 20, 1998. At December 31, 1996 US$17,000,000 (1995-$Nil) was drawn down on the facility.	$23,399,862	$ -
Accrued interest and other fees to be paid from loan drawdowns	591,688	-
	$23,991,550	$ -

7. SHARE CAPITAL

Authorized

1,000,000	Class A non-voting 6% cumulative preferred shares with a par value of $5 each.
1,000,000	Class B non-voting cumulative preferred shares with a par value of $10 each convertible and redeemable at par.
99,828,468	Common shares with no par value.

Issued and Fully Paid

	1996		1995	
	Number of Shares	Issue Price or Attributed Value	Number of Shares	Issue Price or Attributed Value
Common shares				
Balance, beginning of year	57,159,896	$41,373,575	51,794,077	$35,549,594
Issued for acquisition of mineral property interests	-	-	900,000	1,170,000
Issued pursuant to employee share purchase plan	74,235	94,155	75,303	72,393
Issued for cash on exercise of options	193,000	149,830	427,000	221,720
Issued on acquisition of subsidiaries (Note 1)	2,538,720	3,173,400	3,963,516	4,359,868
Balance, end of year	59,965,851	$44,790,960	57,159,896	$41,373,575

At December 31, 1996, options to purchase 5,659,000 common shares of the Company were outstanding to certain directors, officers and employees at prices ranging from $0.50 to $1.60 per share, vesting over five years to the year 2001. Options to purchase 2,420,000 common shares of the Company at prices ranging from $0.50 to $1.27 per share were vested at December 31, 1996.

At December 31, 1996 2,000,000 share purchase warrants were outstanding, with each warrant entitling the holder thereof to purchase one common share of the Company. One million warrants are exerciseable until June 30, 1997 at a price of $1.40 per share and one million warrants are exerciseable until June 30, 1998 at a price of $1.70 per share.

8. INCOME TAXES (RECOVERY)

The effective income tax rate differs from the Canadian federal and provincial statutory rates for the following reasons:

	1996		1995	
	Amount	%	Amount	%
Income (loss) before income taxes:	$7,353,246	100.0	$(1,831,393)	(100.0)
Income taxes (recovery) thereon at the basic statutory rates	3,353,080	45.6	(835,115)	(45.6)
(Decrease) increase resulting from:				
Realization of previously unrecognized tax deductions	(2,744,000)	(37.3)	(288,000)	(15.7)
Losses not tax affected	-	-	267,000	14.6
Non-taxable and non-allowable gains and expenses	(7,000)	(0.1)	(34,000)	(1.9)
Other	123,849	1.7	93,947	5.1
Income Taxes (Recovery)	$725,929	9.9	$(796,168)	(43.5)

	1996	1995
Income taxes (recovery) comprise the following:		
Current income tax expense	$128,929	$21,832
Deferred income taxes (recovery)	597,000	(818,000)
Income Taxes (Recovery)	$725,929	$(796,168)

9. INCOME (LOSS) PER SHARE

Income (loss) per common share is calculated on the basis of the weighted average number of common shares outstanding during the year ended December 31, 1996 of 57,544,273 (1995 - 56,374,644).

10. UNINCORPORATED JOINT VENTURES

Included in the consolidated financial statements of the Company are the following amounts for the Company's share of unincorporated joint ventures:

	1996	1995
Balance Sheet		
Cash and cash equivalents (overdraft)	$2,680,166	$(17,395)
Other current assets	87,170	2,774,223
Mineral properties	46,616,869	1,866,532
Other Assets	680,676	100,000
	50,064,881	4,740,755
Accounts payable and accrued charges	3,799,473	2,020,996
Other liabilities	61,484	400,472
Net Assets	$46,203,924	$2,319,287
Statement of Income		
Revenues	$921,721	$21,646,411
Expenses	653,604	22,697,681
Income	$268,117	$(1,051,270)
Statement of Cash Flows		
Operating Activities	$4,442,097	$2,910,341
Investment Activities	(33,410,056)	(4,700,144)
(Decrease) in cash and cash equivalents	$(28,967,959)	$(1,789,803)

11. FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, accounts receivable, reclamation bonds, other assets, accounts payable and accrued charges, and long term debt reflected in the balance sheets approximate their respective fair values.

The Company's Canadian mineral revenues have historically been dependent on selling concentrates to one or two smelters. However, as these customers are large, well capitalized and diversified multinationals, concentrations of credit risk are considered to be minimal.

12. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions and balances with affiliated companies subject to significant influence not disclosed elsewhere in these consolidated financial statements are as follows:

	1996	1995
Accounts Receivable	$222,396	$160,544
Management fee and interest revenue	535,081	325,307

13. COMMITMENTS

The Company's share of costs to complete the Mount Polley Mine to commercial production are estimated to be $23.8 million of which $7.2 million has been committed at December 31, 1995

14. SUBSEQUENT EVENT

Subsequent to December 31, 1996 the Company realized a pretax gain of $4.1 million on dilution of its interest in Colony Pacific Explorations Ltd. (Note 2) from 57.9% to 53.1% upon completion by Colony Pacific Explorations Ltd. of a $8.6 million financing.

Corporate Information

Board of Directors

John A. Brussa*
Burnet, Duckworth & Palmer
Calgary, Alberta

Brian Kynoch
Imperial Metals Corporation
Vancouver, British Columbia

Michael A. Carten
Traction Capital Inc.
Calgary, Alberta

N. Murray Edwards*
Edco Financial Holdings Ltd.
Calgary, Alberta

Henry G. Ewanchuk
Imperial Metals Corporation
Vancouver, British Columbia

Dr. K. Peter Geib
Novis Investitions GmbH
Frankfurt, Germany

Pierre Lebel
Imperial Metals Corporation
Vancouver, British Columbia

Larry G. J. Moeller*
Edco Financial Holdings Ltd.
Calgary, Alberta

W. Brett Wilson
First Energy Capital Corp.
Calgary, Alberta

*Members of the Audit Committee

Senior Officers

N. Murray Edwards
Chairman

Pierre Lebel
President

Brian Kynoch
Senior Vice President and
Chief Operating Officer

André H. Deepwell
Chief Financial Officer
and Corporate Secretary

Malcolm Swallow
Vice President, Corporate
Development

Patrick McAndless
Vice President, Exploration

Rio Budhai
Assistant Corporate Secretary

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Toronto Stock Exchange
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Transfer Agent & Registrar

Montreal Trust Company of Canada
Toronto and Vancouver

Legal Counsel

Catalyst Corporate Finance Lawyers
Vancouver, British Columbia

Bankers

Royal Bank of Canada
Vancouver, British Columbia

Auditors

Deloitte & Touche
Vancouver, British Columbia

IMPERIAL METALS
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