

Imperial Metals Corporation

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Haslam Creek
92C/16

827436

IMPERIAL METALS CORPORATION is a Western Canadian natural resource development company.

Imperial has reserves of coal, oil and gas, and minerals (copper, gold, silver and tungsten) which it is developing, alone or with other companies.

Imperial welcomes proposals which would provide direct investment capital to assist the company in its exploration and development plans.

Enclosed is background information and annual reports of Imperial and of Invex Resources, its principal predecessor company.

CORPORATE REVIEW

CURRENT ACTIVITY

Imperial has successfully bid on \$3,211,900 of current and future oil and gas production as portrayed in the attached production and cash flow forecasts. The price to be paid is \$615,000 cash and 150,000 shares of stock. The discounting of future cash flow made to arrive at the price to be paid is greater than 25%.

Imperial has arranged bank financing in the amount of \$615,000 to effect purchase, but would prefer to borrow only \$500,000. We therefore are desirous of raising capital by private placement of common shares.

THE COMPANY

A well-diversified natural resource company having an income and asset base derived from minerals, coal, and oil and gas.

Pro forma capitalization:

common shares	7,910,000	issued
common shares	20,000,000	authorized
preferred shares	250,000	\$5 par, authorized
Term bank debt	\$ 500,000	
Revolving credit	\$ 450,000	

Pro forma assets:

	Undiscounted future income	Discounted cash flow (20%)
Oil and gas: (approximate)	18,000,000	5,000,000
Mineral assets: (including coal) by Dolmage Campbell & Assoc.		5,000,000 (present value)
		<u>10,000,000</u>
		per share = \$1.26

PRO FORMA INCOME

(net cash in by asset source ahead
of administration and interest costs)

Asset Source	1983	1984	1985
<u>Coal</u>			
Tulameen	77,000	77,000	77,000
Groundhog	100,000	100,000	100,000
Ram River	30,000	30,000	30,000
<u>Mineral</u>			
CAB Group	125,000	400,000	100,000
<u>Oil & Gas</u>			
Sousa Unit	240,000	240,000	200,000
Bolloque Unit	150,000	180,000	200,000
Med Hat	120,000	120,000	110,000
Brazeau	45,000	45,000	40,000
Texas	60,000	60,000	50,000
Oklahoma	10,000	10,000	10,000
Production purchase	90,000	209,000	217,000
Royalty rebate	50,000	60,000	50,000
	<u>1,097,000</u>	<u>1,531,000</u>	<u>1,184,000</u>
Hunt exploration funds	400,000	(ends this year)	
	<u>1,497,000</u>		

Note: 1985 results allow for no increase in income resulting from 1983 and 1984 expenditures. The combined three years will see exploration expenditures of \$2,000,000.

Imperial presently holds several exploration prospects which offer excellent exploratory opportunity. Any one of them is capable of generating results which, speculatively, could have an electrifying effect in Imperial's market value. For instance:

Haslam Creek, Vancouver Island:

The largest, six channel-correlated airborne geophysical sub-surface conductor ever flown by Questor Surveys in Western Canada.

Presence of copper, zinc, silver and gold in the soil overlying the conductor is in greater concentration by a magnitude of 5-6 times than elsewhere on the property.

C.F.C.
Investigating

Pyritization (a halo effect) occurs near the airborne anomaly.

The general geology is favourable for a massive sulphide deposit of similar nature to the Westmin orebody at Buttle Lake.

Midnight Claims, Coast interior foothills:

One intersection of eleven feet of 0.22 gold. Intensive surface mapping and geochemistry required prior to drilling.

Anyox, Northern B.C. coast:

Airborne geophysics and ground follow-up conducted in 1982 will be followed by a \$500,000 Hunt-funded drilling program in 1983 on several targets of world class magnitude. Our interests vary from 10% to 20%, our target is a major massive sulphide orebody.

Nimpkish Lake, Vancouver Island:

Airborne geophysics picked up a strong conductor over a 1,000 foot strike length. Rock geochemistry has yielded 8% copper, 2 oz./ton silver and 0.08 gold in the area flown. These values appear to be present across mineable widths. Work will recommence in spring of 1983.

Thus, an investment in Imperial offers limited downside risk with high speculative upside potential.

For a more detailed review of Imperial's assets please read the enclosed annual reports. The properties noted above represent only new exploration properties. The development properties are listed in the annual report.

*PROCAN
providing funding
for Hunt foothills*

*Imperial opt oil
for Marcell
Imperial to proceed
55% of cost
approx. 1982/1983
and 1984/1985*