Mount Polley operated under an Economic Plan sponsored by the Job Protection Commission of British Columbia until June 30, 2000. Significant cost reductions had been achieved under the plan which could not be extended on terms satisfactory to all parties.

HUCKLEBERRY MINE

Imperial owns a 50% interest in the Huckleberry mine, located approximately 123 kilometres southwest of Houston in west central British Columbia. The property consists of a mining lease covering approximately 1,911 hectares, and nine mineral claims comprising a total of 73 units encompassing approximately 1,825 hectares.

Mining is done with standard open-pit truck and shovel equipment. The ore is processed through a SAG/ball mill circuit producing a copper concentrate and molybdenum concentrate. The copper concentrate is trucked to Stewart for shipment to Japan, while the molybdenum concentrate is trucked to and sold in Vancouver.

In 2000, the Huckleberry mine maintained its excellent safety record with no Lost Time Injuries and was awarded the Edward Prior Safety Award by the B.C. Ministry of Mines.

The $3.4 million Grinding Improvement Project (SAG pebble circuit) was completed by mid-year, $300,000 under budget and approximately one month ahead of schedule. This circuit consists of a vibrating screen that removes critical size rocks from the SAG mill discharge, conveyors then transport this material to a pebble crusher where the rocks are further broken and then returned to the SAG mill. After completion of the project, mill throughput increased to an average of 20,827 tonnes per day for the last six months of the year. Comparing 2000 to 1999, average mill throughput increased by 3%, while copper and molybdenum recoveries improved by 3% and 68% respectively.

Year 2000 mill feed came from the Main Zone pit. The Main Zone pit is scheduled to be depleted during the first quarter of 2002. Advanced stripping of the East Zone pit – Stage 2 will begin in the second quarter of 2001 to ensure a continuous ore supply to the mill during 2002.

$0.71 – 0.72 – break even
.61 in East Zone

A decision was made late in the year to replace the Cat 777 Fleet (85 tonne) with larger Cat 785 trucks (142 tonne) to lower mining costs in the coming years when extensive stripping of the East Zone will be required. Delivery of these five units began in late 2000. In addition, a P&H 2100 shovel will be added to the loading fleet in 2001.

In 2000, an additional 1,556,000 tonnes of ore were identified in the Main Zone. This tonnage has been included in the probable ore reserves. Copper prices of US$0.70 per pound for the Main Zone and US$1.00 per pound for the East Zone were used for the pit optimization process. Development of these reserve estimates was done under the supervision of Bill Dodds, P.Eng., Mine Superintendent, an employee of Imperial Metals Corporation, and who has been designated as its Qualified Person for this purpose.

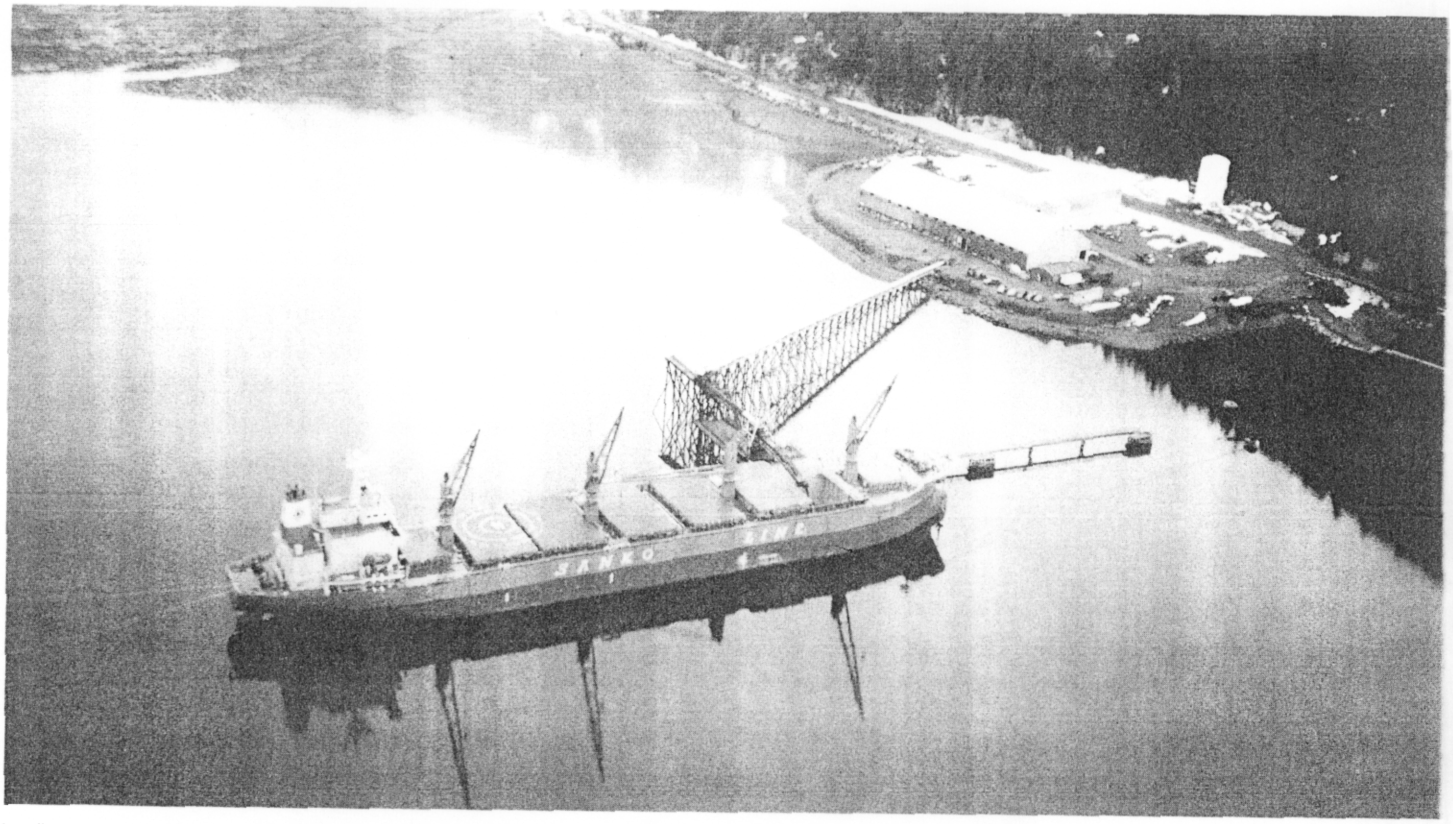
Probable Ore Reserves (as of December 31, 2000)

	Cut Off (% Cu)	Tonnes (000's)	Copper (% Cu)	Moly (% Mo)	Gold (g/t)	Silver (g/t)	Strip Ratio
East Zone	0.26	46,169	0.488	0.014	0.056	2.925	0.73
Main Zone	0.35	10,329	0.521	0.014	0.071	2.269	0.34
Total		56,498	0.494	0.014	0.059	2.805	0.66

The year saw significant improvement in copper recovery from 90.9% (1999) to 93.3%. The molybdenum circuit experienced even greater changes with recovery going from 38.0% in 1999 to 63.7% in 2000.

Production statistics as shown below, represent 100% of mine production, 50% of which are allocable to Imperial (60% prior to July 1, 1999).

	2000	1999
Ore milled (tonnes)	7,145,600	6,958,700
Ore milled per calendar day (tonnes)	19,523	19,050
Ore milled per operating day (tonnes)	21,337	20,440
Grade (%) – Copper	0.502	0.586
Grade (%) – Molybdenum	0.013	0.017
Recovery (%) – Copper	93.3	90.9
Recovery (%) – Molybdenum	63.7	38.0
Copper produced (lbs)	73,831,000	81,657,000
Molybdenum produced (lbs)	1,314,700	976,700



Loading concentrate at Stewart Port facility on route to Japan for smelting and refining

Exploration activities concentrated on following up targets identified in 1999. Diamond drilling was conducted around the East Zone and Main Zone pits. Five diamond drill holes identified an extension of the Main Zone into the pit wall. Results from the drilling were incorporated into a revised design causing a wall pushback to recover additional mill feed. Twelve diamond drill holes were drilled around the East Zone pit. Holes drilled in the northeast pit wall intersected some mineralization. A revised block model using this new information will be incorporated into a revised East Zone pit design that should be completed early in 2001.

In October, a soil survey to the west of the TMF-2 (tailings pond) identified geochemical anomalies that were coincident with geophysical anomalies. These targets will be tested with diamond drilling in 2001.

Four diamond drill holes were drilled in the Whiting Creek area, approximately ten kilometres from Huckleberry, to follow-up previous exploration work done in this prospective area. Assay results were promising and warrant follow-up work as soon as other higher priority exploration targets have been explored.

The tailings dam was successfully raised 13.8 metres to the 1,050 metre elevation. All construction activities were completed on schedule and within budget. All environmental and operating permits were maintained in good standing.

Huckleberry operated under an Economic Plan sponsored by the Job Protection Commission of British Columbia until July 24, 2000. Significant cost reductions had been achieved under the plan, which could not be extended on terms satisfactory to all parties.

To Our Shareholders

The comparative financial results for the three months ended March 31, 2001 and March 31, 2000 are summarized below:

(unaudited)	**March 31, 2001**	**March 31, 2000**
Revenues	$35,168,000	$24,978,000
Net Loss	$(1,621,000)	$(238,000)
Net Loss Per Share	$(0.02)	$(0.00)
Cash Flow	$4,853,000	$4,419,000
Cash Flow Per Share	$0.06	$0.06

Operations – Mount Polley Mine
Imperial is operator and 100% owner of the Mount Polley open pit copper/gold mine located 56 kilometres northeast of Williams Lake, B.C. Production results for the three months ended March 31, 2001 are summarized below:

	March 31, 2001
Ore milled (tonnes)	1,711,496
Ore milled per calendar day (tonnes)	19,017
Ore milled per operating day (tonnes)	20,183
Grade (%) – Copper	0.310
Grade (g/t) – Gold	0.581
Recovery (%) – Copper	72.8
Recovery (%) – Gold	74.8
Copper produced (lbs)	8,509,762
Gold produced (ounces)	23,918

Operations – Huckleberry Mine
Imperial is operator and 50% owner of the Huckleberry open pit copper/molybdenum mine located 123 kilometres southwest of Houston, B.C. Production results for the three months ended March 31, 2001 are summarized below:

	March 31, 2001
Ore milled (tonnes)	1,785,628
Ore milled per calendar day (tonnes)	19,840
Ore milled per operating day (tonnes)	21,294
Grade (%) – Copper	0.544
Grade (%) – Molybdenum	0.016
Recovery (%) – Copper	94.3
Recovery (%) – Molybdenum	77.4
Copper produced (lbs)	20,170,949
Molybdenum produced (lbs)	502,050

Exploration – Sterling (Nevada)
Imperial has discovered deep high grade gold mineralization at its Sterling property, located near Beatty, Nevada, 185 km northwest of Las Vegas.

Historically, mining and exploration at Sterling have been concentrated on a gently dipping horizon, the Sterling thrust, from which approximately 200,000 ounces of gold have been produced from underground and open pit ore grading on average 7 grams per tonne (0.22 ounces per ton Au).

IM - AR - '00

LETTER TO SHAREHOLDERS

The Mount Polley and Huckleberry mines continued to operate efficiently in 2000. While both mines have been a technical success, they have yet to generate the financial returns that were expected when they were given the go ahead for construction in 1996, on the assumption that long term metal prices would be US$1/lb for copper and US$380/oz for gold.

Copper and gold prices on the London Metal Exchange averaged US$0.82/lb and US$279/oz respectively in 2000. While copper fared better in 2000 than in 1999, when it averaged US$0.71/lb, gold was essentially flat, having averaged just under US$279/oz in 1999. The current economic slowdown coupled with the continuing strength of the US dollar have had a negative impact on both metals, with copper averaging approximately US$0.79/lb and gold averaging approximately US$262/oz in the first quarter of 2001.

MOUNT POLLEY

At year end 2000, Imperial acquired Sumitomo Corporation's 47.5% interest in Mount Polley for $4.5 million cash, increasing Imperial's holding to 100%. The transaction also involved the restructuring of Mount Polley's outstanding term debt which was converted to a $7 million non-recourse and non-interest bearing loan, repayable over a period of up to 10 years at a maximum rate each year of 10 monthly payments of $116,667 each, conditional on the mine continuing to operate.

The unexpected failure of one of the ball mills in May 2000 reduced productive capacity while repairs were carried out over a two month period. Notwithstanding this extended period of curtailed production, mine operations on the whole were excellent and tonnes milled were down only 2% from the level achieved in 1999.

The average grade of both copper and gold mined during the year was down from 1999 levels resulting in lower metal production. In 2000, 34.2 million pounds of copper and 83,194 ounces of gold were produced, compared to 37.1 million pounds of copper and 99,585 ounces of gold in 1999.

Imperial has been actively exploring at Mount Polley since acquiring 100% ownership of the mine. This work is ongoing and to date, a total of 65 shallow percussion holes have been drilled to identify new prospective areas and add to existing resources. This work led to the discovery, announced in March 2001, of a new high grade zone called North Springer Extension Zone which is immediately adjacent to the proposed Springer Pit. Evaluation of this new zone is ongoing, as is work to further define the mineralization within the currently designed Springer Pit. Imperial intends to prepare the Springer Pit for mining in 2001.

HUCKLEBERRY

Huckleberry enjoyed an excellent year winning the B.C. Ministry of Mines Edward Prior Safety Award and increasing the mill throughput rate by 3% as a result of improvements in the grinding circuit. The average grade of copper mined during the year fell from 0.586% in 1999 to 0.502% in 2000 resulting in the production of 73.8 million pounds of copper during the year compared to 81.7 million pounds in 1999. Molybdenum grades were also lower, but substantially improved recoveries pushed production to 1.3 million pounds in 2000 compared to 977,000 pounds in 1999.

The financial restructuring package agreed upon in 1999 by Imperial and the Japan Group, a consortium made up of Marubeni Corporation, Mitsubishi Materials Corporation, Dowa Mining Co. Ltd. and Furukawa Co. Ltd., continued to shelter Huckleberry from payment of principal and interest on its loans to the Japan Group during the year. These loans are non-recourse to

Imperial. All amounts deferred will be repayable on January 1, 2002. As Huckleberry is unlikely to be able to generate sufficient free cash flow to make this payment, the lenders may choose to exercise their security or make a new loan restructuring arrangement. This could result in Imperial forfeiting, reducing or otherwise changing its economic interest in the Huckleberry mine.

FINANCIAL

Improved copper prices and a weaker Canadian dollar were not sufficient to offset lower metal production in 2000. Operating revenues were $94.4 million and operating loss was $9.6 million compared to operating revenues of $98.1 million and operating loss of $2.4 million in 1999. Cash flow from operations was positive at $8.9 million down from $18.0 million in 1999. The net loss decreased to $2.5 million compared to $6.1 million in 1999. A gain of $9.0 million was recorded on the restructuring of interest in Mount Polley Mine and related long term debt.

OUTLOOK

There is good support for the view that copper and gold prices will cycle back to higher levels. On the copper front, dramatically higher energy prices in the United States are putting pressure on US based production. There are fewer new sources of supply coming on stream compared to a few years ago and demand continues to grow even in the face of the current economic downturn. In British Columbia, where both the Mount Polley and the Huckleberry mines are located, power prices are now among the lowest in North America.

Gold remains an important element of global monetary reserves. The limitations on gold sales and gold lending agreed to by key central banks as part of the September 1999 "Washington Accord" has put gold on a stronger footing. Jewelry demand continues to grow and many analysts believe that the price of gold will respond positively to the anticipated weakening of the US dollar as economic growth in the US slows down, interest rates decline and the US money supply continues to increase.

Our objective at Mount Polley and at Huckleberry will be to maintain production while carrying out sufficient exploration to replace mined reserves so that productive capacity and resources are available when metal prices turn up.

Imperial is a proven mine developer and operator and while remaining focused on its operations will continue to look for new opportunities for growth in the mining business.

We thank our employees for their dedication and commitment in what continues to be a difficult period in the mining industry. The significant achievements of the past year would not have been possible without their remarkable efforts. We also thank our shareholders for their support and interest in Imperial.

N. Murray Edwards
Chairman and Chief Executive Officer

Pierre Lebel
President

2000 OVERVIEW

Year 2000 revenues were $94.4 million and cash flow was $8.9 million. Loss was reduced to $2.5 million.

Acquisition of Sumitomo Corporation's 47.5% interest in Mount Polley increased Imperial's interest to 100% and reduced long term debt by $40.5 million.

The Mount Polley and Huckleberry mines continued to operate efficiently.

New exploration targets were identified at the 100% owned Sterling mine. Additional ground was staked and early drilling expanded the Panama zone.

New exploration targets were identified at the 100% owned Silvertip project. Follow-up geophysical work is planned for the 2001 field season.

Discovery of copper-zinc massive sulphide mineralization near 100% owned Goldstream mill facility. Follow-up drilling is planned for the 2001 field season.