

# Huckleberry Mine

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1997 AR

## General

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The Huckleberry open pit copper/molybdenum mine, located approximately 123 kilometres southwest of Houston, British Columbia, was officially opened on October 1, 1997. The total capital cost to construct, install and commission the facilities was approximately \$142 million.

In June 1996 the Japan Group, which consists of Mitsubishi Materials Corporation, Marubeni Corporation, Dowa Mining Co. Ltd. and Furukawa Co. Ltd. purchased a 40% equity position in Huckleberry and entered into an agreement to provide project loan financing in the amount of US\$60 million. Mitsubishi Materials Corporation, Dowa Mining Co. Ltd. and Furukawa Co. Ltd. have also entered into a long term contract for the purchase of all copper concentrates from Huckleberry with fixed terms for the first five years of production.

In addition, the British Columbia government provided financial assistance in the form of a \$15 million loan for infrastructure including roads, power lines and port facilities. On November 17, 1997, Marubeni Corporation provided an additional US\$10 million working capital loan.

## Mining

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The feasibility study estimated mineable reserves at the Huckleberry project using a 0.30% copper cutoff grade are 90.4 million tonnes with a grade of 0.513% copper, 0.062 grams per tonne gold, 2.81 grams per tonne silver and 0.014% molybdenum, containing 1,021 million pounds of copper, 0.18 million ounces of gold, 8.17 million ounces of silver and 27 million pounds of molybdenum. The mineable reserves include material classified as proven and probable. The average strip ratio including overburden and waste rock is 1:1.

Mining is scheduled to take place in three phases to allow for higher grade material to be removed in the initial years, and backfilling of the Main Zone with East Zone waste to minimize potential environmental impact.

In February 1997 the Huckleberry mining fleet commenced preproduction mining activities. From February to September 1997, the mining fleet removed a total of 2,198,600 tonnes of waste rock and overburden while stockpiling 399,500 tonnes of ore.

## Milling

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A copper concentrate containing by-product gold and silver, and a molybdenum concentrate are produced at Huckleberry. The annual average output is scheduled to be approximately 63.3 million pounds of copper, 5,800 ounces of gold, 302,000 ounces of silver and 1.2 million pounds of molybdenum over a 16 year mine life.

Copper concentrate is trucked to an ocean load-out facility at Stewart, British Columbia, and then is shipped to Japan for processing. The molybdenum concentrate is trucked to Vancouver.

The plant commenced commissioning on September 22, 1997 and achieved commercial production in October. The mine plan is based on providing ore to the mill at a rate of 6.0 million tonnes per year (16,440 tonnes per day).

During January and early February 1998, there were a number of mechanical and operational changes made to the grinding and flotation circuits. These changes have resulted in significant improvement to operating time, mill throughput and recoveries. Since these changes have been made, mill throughput has exceeded the feasibility study design rate.

## Production Statistics

*(For the period September 22, 1997 to December 31, 1997, representing 100% of mine production, 60% of which is allocable to Imperial. Imperial acquired its interest in 1998)*

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Ore Milled (tonnes)	1,249,602
Ore milled per calendar day (tonnes)	12,372
Ore milled per operating day (tonnes)	16,224
Copper content (%)	0.652
Copper recovery (%)	77.40
Concentrates produced (tonnes)	23,965
Concentrate grade (% Cu)	26.30
Copper produced (lbs)	13,899,001

Commissioning of the molybdenum circuit was initiated in December, however molybdenum concentrate was not produced until the first quarter of 1998.

## Exploration

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The Huckleberry project is comprised of two deposits, the East and Main Zone, located in a glacially carved valley between Huckleberry Mountain to the north and Tahtsa Reach to the south. These deposits are centrally located within a 5 kilometre long by 2 kilometre wide, east-west trending, elliptical shaped area of propylitic alteration, and will be mined as open pits. The Main Zone deposit is kidney shaped, 500 metres in length and 150 metres wide, and is partly open to expansion on its northern margin. The East Zone deposit is an elongated, easterly trending zone, approximately 200 to 300 metres wide, 900 metres long and at least 300 metres deep. This deposit is truncated on two sides by post-mineral faults but remains open at depth.

# DEVELOPMENT AND EXPLORATION

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## Silvertip

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Silvertip is a high grade precious and base metal deposit located just south of the British Columbia/Yukon border near Watson Lake, Yukon. It is owned 100% by Silvertip Mining Corporation, a wholly owned subsidiary of Imperial.

In 1997, a \$2 million program consisting of 8,595 metres of diamond and reverse circulation drilling, geological mapping and seismic reflection surveys expanded the known mineral resource from 1.74 million tonnes grading 352 grams per tonne (10.20 ounces per ton) silver, 6.40% lead and 10.00% zinc to 2.57 million tonnes grading 325 grams per tonne (9.43 ounces per ton) silver, 6.40% lead and 8.80% zinc, prompting Imperial to initiate prefeasibility studies.

Extensive metallurgical testwork has confirmed that contained metals can be recovered using standard flotation techniques, and demonstrated that the use of dense media can substantially upgrade run of mine ore to provide high grade mill feed with little loss of contained metals.

Imperial is considering moving its 100% owned Goldstream mill from Revelstoke to the Silvertip site. This 1,500 tonne per day mill is capable of treating in excess of 2,000 tonnes daily of the softer, higher grade Silvertip ore by conventional crushing, grinding and flotation.

Imperial recently submitted an application to the British Columbia Environmental Assessment Office for entry into the Environmental Assessment process, and is moving forward on the permitting aspects of the project. Timely receipt of project certification is critical to the success of this mine and Imperial staff have been in consultation with many of the concerned agencies in an effort to move the process forward as quickly as possible.

Imperial's accelerated timetable envisages the completion of all design aspects of the mine during 1998, with a view to commencement of construction in 1999 and production by late 1999/early 2000. Current proposals call for the annual production of 5,600,000 ounces of silver, 38,000 tonnes of lead and 52,000 tonnes of zinc.

## Similco Mine

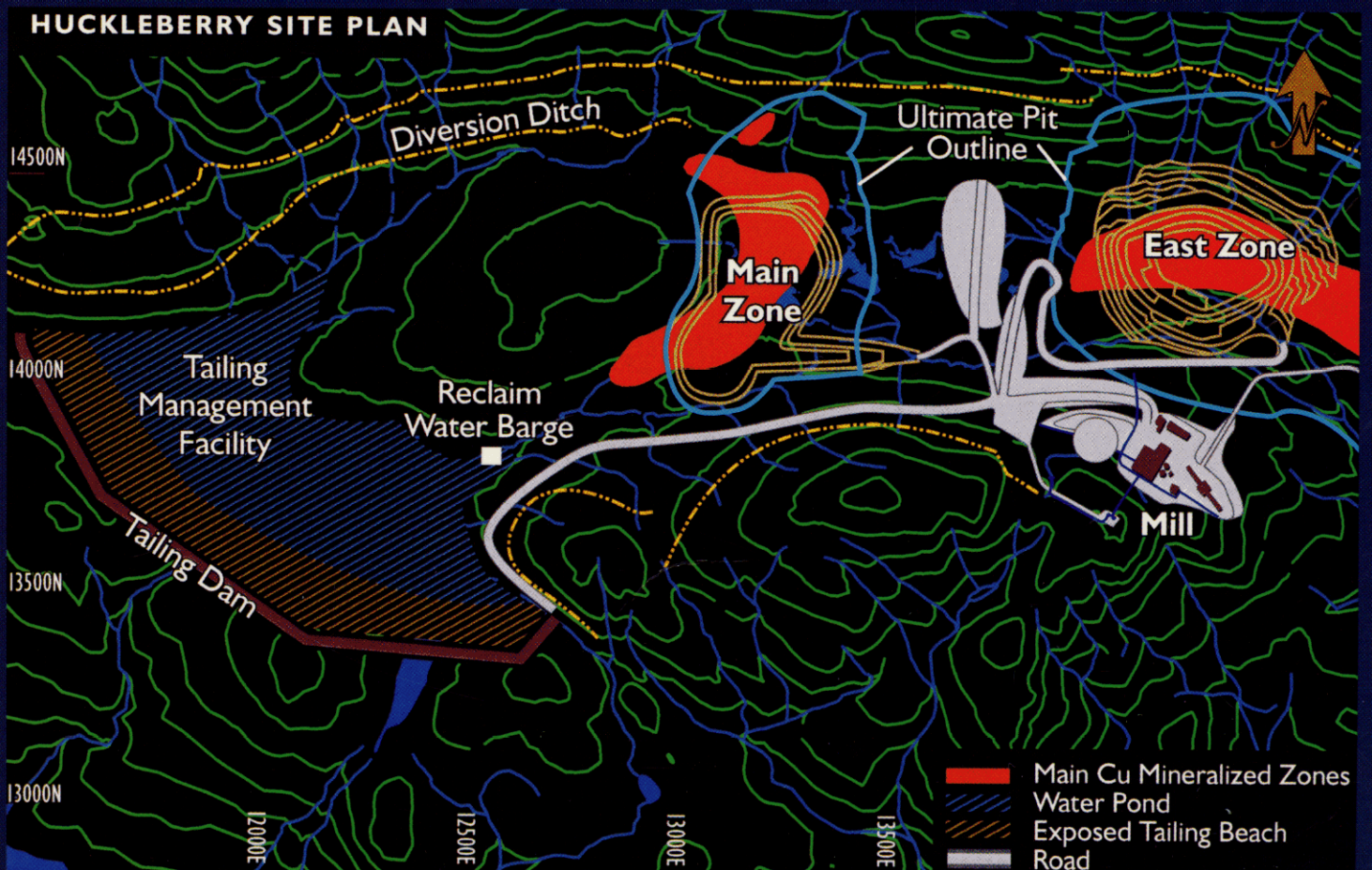
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The Similco open pit copper/gold mine is located in southern British Columbia, 14 kilometres south of Princeton. The mine is 100% owned by Similco Mines Ltd., now a wholly owned subsidiary of Imperial. Weak copper prices forced the mine to suspend operations in November, 1996. Production to date at Similco totals 1.74 billion pounds of copper, 9.1 million ounces of silver and 730,000 ounces of gold.

The Copper Mountain property at Similco covers an area of approximately 75 square

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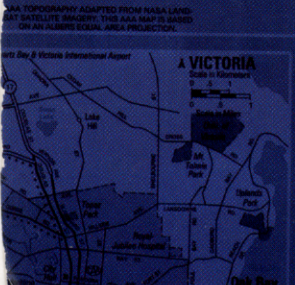
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# IMPERIAL METALS CORPORATION



1997 Annual Report



MAP TOPOGRAPHY ADAPTED FROM NAVAL LAND AND SURVEYING MAPS. THIS MAP IS BASED ON AN ALBERS EQUAL AREA PROJECTION.