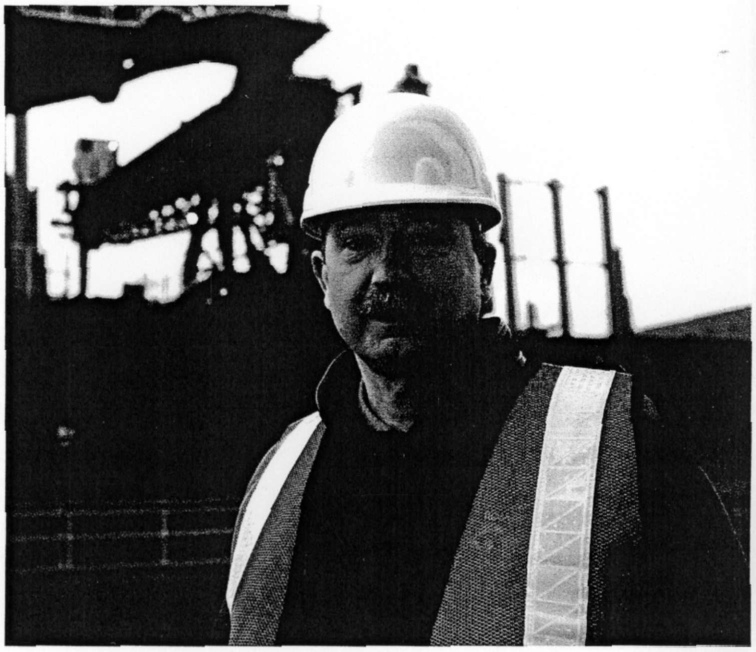
→ Huckleberry

884115

President's Message

Operating income of $97 million, net income of $82 million ($2.75 per share), cash flow of $70 million ($2.36 per share) - with these record breaking results it would be easy to dwell on the achievements of the past year. However, we emerge from 2006 with our mission intact - discover • develop • operate - and are focused on the challenges and opportunities which lie ahead. As we enter 2007 our objectives, beyond maintaining steady operations and increasing the reserve base at our Mount Polley and Huckleberry operations, will include the development of new mines at Red Chris and Sterling.



The success of the Mount Polley mine in 2006 demonstrated the importance of maintaining productive capacity. The first full year of operation at the re-opened Mount Polley mine achieved a record copper production of 55.5 million pounds coinciding with record high copper prices. Production at Mount Polley generated revenues of over $210 million, which along with Imperial's share of annual production from the Huckleberry mine, resulted in a record net income of $82 million.

The focus at Mount Polley will continue to be the delivery of a steady flow of high grade Wight Pit ore to the mill, while continuing exploration to increase resources and reserves in known areas of mineralization, and the search for new mineralized zones. Exploration expenditures at Mount Polley will reach $7.5 million in 2007, substantially exceeding the $4.0 million spent in 2006. We have good reason to nearly double the exploration effort at Mount Polley; the results of the 2006 drill program, coupled with increased metal prices, resulted in an increase in the reserve to 59.9 million tonnes grading 0.36% copper, 0.27 g/t gold and 0.73 g/t silver. These reserves extend the planned mine life by three and a half years to May 2015.

Huckleberry retired its debt completely in 2006, with over $120 million repaid during the year. The Main Pit extension was approved and extended the planned mine life to 2010. Exploration will be undertaken at Huckleberry in 2007 to add reserves and further extend mine life.

– Mount Polley
– Huckleberry

Huckleberry

Selected Annual Financial Information

Years Ended December 31	2006	2005	2004
Total Revenues	$ 211,446,752	$ 71,077,050	$ 1,124,665
Net Income	$ 82,007,108	$ 21,568,751	$ 3,639,547
Net Income per share	$ 2.75	$ 0.77	$ 0.14
Diluted Income per share	$ 2.69	$ 0.74	$ 0.13
Working Capital (Deficiency)	$ 37,092,611	$ (18,885,531)	$ 1,321,706
Total Assets	$ 214,096,355	$ 135,433,507	$ 48,747,213
Total Long Term Debt (including current portion)	$ 15,571,579	$ 18,798,110	$ 8,623,057
Cash dividends declared per common share	$ 0.00	$ 0.00	$ 0.00
Cash Flow (1)	$ 70,363,511	$ 8,200,193	$ (3,831,581)
Cash Flow per share (1)	$ 2.36	$ 0.29	$ (0.15)

(1) Cash flow and cash flow per share are measures used by the Company to evaluate its performance however, they are not terms recognized under generally accepted accounting principles. Cash flow is defined as cash flow from operations before the net change in working capital balances and cash flow per share is the same measure divided by the weighted average number of common shares outstanding during the period.

The reporting currency of the Company is the CDN Dollar. The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles.

FORWARD LOOKING STATEMENTS

This Management Discussion and Analysis is a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of March 16, 2007. Except for statements of fact relating to the Company, certain information contained herein constitutes forward looking statements. Forward looking statements are based on the opinions, plans and estimates of management at the date the statements are made and are subject to a variety of risks, uncertainties and other factors that could cause the actual results to differ materially from those projected by such statements. The primary risk factors affecting the Company are discussed further under the heading "Risk Factors" below. The Company undertakes no obligation to update forward looking statements if circumstances or management's estimates, plans or opinions should change. The reader is cautioned not to place undue reliance on forward looking statements.

DEVELOPMENTS DURING 2006

General

The year 2006 was the first full year of production from the Mount Polley mine after restart of milling operations on March 8, 2005. Mine operations in 2006 were focused on maximizing Wight Pit ore production.

Copper prices were substantially higher in 2006 than in 2005, averaging about US$3.05/lb compared to US$1.67/lb in 2005. The US Dollar fluctuated in a downward trend during 2006 rallying late in the year to close at almost the same level as at December 31, 2005. Even with the decline in the average exchange rate the price of copper in CDN Dollar terms was substantially higher averaging CDN$3.46/lb in 2006 compared to CDN$2.02/lb in 2005. While decreases in the US Dollar/CDN Dollar exchange rate have a negative impact on US Dollar revenues when translated to CDN Dollars, they have a positive impact on US Dollar denominated long term debt in CDN Dollars.

Continued increases in certain costs resulting from changes in market conditions for such items as labour, fuel and other consumables, will impact the profitability of Mount Polley and of resource projects generally. The Company will seek to adopt exploration and development strategies that will mitigate the impact of these new market conditions.

Exploration

Exploration expenditures at Mount Polley were $3.0 million in 2006 ~~compared to $5.5~~ million in 2005. With the expanded land base, ongoing exploration at Mount Polley consists of identification of additional mineralized zones and expansion of identified zones. Drilling, which recommenced in January 2006, provided encouraging results from the C2 and Boundary zones. Drilling in 2006 included 123 diamond drill holes totaling 26,240 metres compared to 99 diamond drill holes totaling 39,481 metres and 160 percussion drill holes totaling 4,391 metres in 2005. Exploration at Mount Polley will be directed at finding near surface ore to provide supplemental feed to the mill and to find additional northeast zone type deposits. Planned exploration expenditures at Mount Polley for 2007 total approximately $7.5 million.

At Huckleberry a 12 hole diamond drilling program that commenced ~~in April 2006~~ at the Main Zone Extension provided additional information for the reevaluation of mining this zone. These results coupled with higher copper price have improved the economics of this zone such that in July 2006 the Board of Huckleberry announced that it had approved management's recommendation to proceed with the extension of the Main Zone Pit.

Preparations for exploration at the 144 Zone and surface exploration of other targets in the vicinity of Sterling continued in 2006. The Company completed a $6.3 million non-brokered private placement in the spring of 2006 to fund this exploration. The lack of available drill rigs in Nevada has delayed the start of exploration drilling. Drilling will commence as soon as a drilling

→ Huckleberry

Edco at a discount. The effective interest rate charged by Edco on these receivables was 8% per annum. The tax receivables were collected prior to December 31, 2005.

Further details on related party transactions can be found in Note 15 to the audited consolidated financial statements for the year ended December 31, 2006.

OTHER

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls were effective to provide reaonsable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such term are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls and Procedures

The Company evaluated the design of its internal control and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended December 31, 2006. Based on this evaluation, management has consulded that the design of these internal controls and procedures over financial reporting was effective.

Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

As of March 16, 2007 the Company had 30,772,398 common shares outstanding. On a diluted basis the Company had 35,765,316 common shares outstanding at March 16, 2007.

OUTLOOK

Operations, Earnings and Cash Flow

Imperial's equity share of production from the Mount Polley mine and the Huckleberry mine is expected to be about 98.0 million lbs copper, 58,800 ounces gold, 596,000 ounces silver and 210,000 lbs molybdenum during 2007 and given continued strong metals prices it is expected to generate strong cash flow for exploration and repayment of debt, including the $40.0 million in short term debt incurred in early 2007 to acquire bcMetals. Cash flow protection for 2007 is supported by derivative instruments that will see the Company receive certain minimum average copper prices as disclosed under the heading Derivative Instruments.

However, the quarterly revenues will fluctuate depending on the timing of concentrate sales which is dependant on the availability and scheduling of transportation.

Net income and income per share are affected a number of external factors including fluctuations in metal prices and changes in the US/CDN Dollar exchange rate. The changes to budgeted 2007 pre tax income before the affects of derivative instruments for changes in key factors is as follows:

Factor	Change in Sensitivity	Effect on Net Income	Effect on Income per Share
Copper price	US$0.01 per lb	$7,400,000	$0.24
US/CDN Dollar Exchange Rate	US$0.01	$1,660,000	$0.05
Gold price	US$10.00 per oz	$44,000	$0.01

Exploration

Exploration expenditures at Mount Polley have been budgeted at $7.5 million for 2007 to complete a minimum of 40,000 metres of diamond drilling. In late 2006 the Company recommenced development and exploration at its wholly owned Sterling mine property near Beatty, Nevada. The program includes the excavation of an underground ramp to access the 144 Zone along with underground and surface drilling. The total cost for Sterling is budgeted at $7.1 million for 2007. Drilling at Giant Copper is budgeted at $1.2 million and the Company's share of Huckleberry's exploration budget for 2007 is budgeted at $0.7 million. An exploration and development budget for Red Chris has not yet been set. Expl n

The Company continues to evaluate exploration opportunities both on currently owned properties and on new prospects.

Development

Development of the Red Chris project acquired with the purchase of bcMetals ~~will be~~ dependant on the timing of the construction of a power line to serve the northwest portion of British Columbia. The Company will review the information on the Red Chris project to maximize the economics of the project. Some development work is expected to be completed during 2007 to advance the Red Chris property towards production.

Financing

Debt repayment and working capital requirements for 2007 are expected to be met from cash on hand and cash flow from the Mount Polley and Huckleberry mines. The $40.0 million short term loan facility to assist with the purchase of bcMetals is expected to be repaid from cash flow during 2007. Selective long debt financings may also be entered into during 2007. The Company currently does not forecast the requirement for any equity financings during 2007.

Acquisitions

In early 2007 the Company completed the acquisition of bcMetals and management continues to evaluate potential acquisitions to further grow the Company.

→ Huckleberry
Imp. Met.
AGM
May 8/06

![Imperial Metals]

CORPORATE INFORMATION

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TSX:III

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Investor Relations 604.488.2657

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www.imperialmetals.com

Expl. Pot. - (Giant Copper)
1500m deep holes
~$200k/hole

Giant Copper
AM Breccia - devel. for prod. in 1956
(but nothing happened)
classic bulk-mining pot.

Huckleberry
Main Zone Ext.
12 ddh + steepen up walls
→ could add 2 yrs. mine life
– must start stripping (~16 Mt) by end-2006!

Huckleberry
East Zone
→ Dec. '07
(cur. ext. 4 mos. for previous)
(+ possible 4 Mt more → 2008)

Auditors
Deloitte & Touche LLP
Vancouver, BC

Bankers
Bank of Nova Scotia
Calgary, AB

Royal Bank of Canada
Vancouver, BC

Legal Counsel
Fasken Martineau DuMoulin LLP
Vancouver, BC

Transfer Agent
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www.computershare.com

Shareholder inquiries with respect to change of address, registration, transfer and lost share certificates should be directed to Computershare.

DIRECTORS

Pierre Lebel 1/2/3
Chairman

Brian Kynoch 3

Larry Moeller 1/2/3

Ed Yurkowski 1/2

1 Audit Committee
2 Compensation Committee
3 Corporate Governance & Nominating Committee

MANAGEMENT

Brian Kynoch
President

Andre Deepwell
Chief Financial Officer & Corporate Secretary

Don Parsons
Vice President Operations

Patrick McAndless
Vice President Exploration

Kelly Findlay
Treasurer

ANNUAL GENERAL MEETING

May 8, 2006 at 2:00pm
Computershare Boardroom
510 Burrard Street, 3rd Floor
Vancouver, BC

A corporate presentation will follow the formal meeting.

VGS -> Huckleberry

NEWS RELEASE

For Immediate Release **May 4, 1992**

PROPERTIES JOINT VENTURED WITH KENNECOTT

VANCOUVER, B.C. - New Canamin has completed an agreement to acquire, from Kennecott Canada, Inc. (a subsidiary of Kennecott Corporation of Salt Lake City) a 100% interest in the Huckleberry and Whiting Creek copper deposits. In order to earn the interest, New Canamin is committed to spend $300,000 per year to a total of $1.5 million in the fifth year. Kennecott has the right to back in to a 60% interest at the time a production decision is made.

The Huckleberry and Whiting Creek deposits are located approximately 60 miles SW of Houston, BC and approximately 25 miles from the Kemano power project tunnel head. The distance between the two deposits is only 1 mile.

At the Huckleberry, Granby Mining estimated a mineable reserve of 85.6 million tons grading 0.40% copper, above a 0.3% cut-off grade and at a 1.11:1 strip ratio. Potential exists to substantially increase this tonnage. High grade copper intersections over intervals of several hundred feet suggest the deposit can be optimized to produce a copper grade greater than 0.5% copper during the first production years. Granby's metallurgical work proved that copper recoveries of 94.1% in a concentrate grading 27% copper are attainable without extraordinary effort.

Whiting Creek is a very large, relatively under explored, mineral system. The four major mineral zones identified by Kennecott have a potential for substantial tonnage.

The Huckleberry promises to be a low cost producer due to its relatively easy milling characteristics, high grade concentrate and low strip ratio. The mineralization on the Whiting Creek property is similar to that at the Huckleberry and its location is so close that a mill established on one can serve the other.

Copper has begun to attract investor and major company interest in the search for large porphyry copper deposits. New Canamin is focusing its efforts on these targets because:

a. they are simple to explore
b. their large size allows very low mining costs to be achieved and
c. their simple metallurgy permits high recoveries at very low costs.

-more-

New Canamin will continue to focus on the development and exploration of this type of mineral deposit and expects to make announcements regarding further acquisitions of quality porphyry copper/gold/silver reserves in the near future.

On behalf of the Board of Directors

Alan Savage, President

For further information contact:

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Karim Gangji:	(604)688-3355

The Vancouver Stock Exchange has neither approved nor disapproved of the contents of this News Release.