

# IMPERIAL METALS Re-opens Mount Polley Mine

by Robert Simpson, M.A.

*With copper prices nearing all-time highs, interior British Columbia towns like Williams Lake find their economy on the upswing.*

Over a coffee at the Dog N' Suds in Williams Lake, British Columbia, talk shifts from a rumor that Wal-Mart is opening a store in town to new jobs posted at the recently reopened Mount Polley Mine. Opinions on Wal-Mart are polarized, but not on the reopened mine - everyone agrees the town is on an upswing.

Over the past decade, the future of Williams Lake looked bleak. Best known for its annual stampede, the local economy was trampled after weak commodity prices forced the two local copper mines to close, followed soon after by the U.S. imposed duties on lumber, an embargo on beef and a pine beetle infestation that has wreaked havoc on local forests. Many were convinced Williams Lake would join the long list of mining ghost towns in the Cariboo. That was until last year when a meteoric rise in copper prices encouraged reopening of the Gibraltar Mine. A series of new discoveries, combined with copper prices hovering around US \$1.50 per pound, prompted Imperial Minerals to re-open the Mount Polley Mine.

For both the Town of Williams Lake and Imperial Minerals Corp. [III-TSX], the re-opening of the mine is a bit like a phoenix rising from the ashes. The mine was originally commissioned in 1997, built at a capital cost of almost \$115 million and, at its zenith, produced 133 million pounds of copper and 370,000 ounces of gold. But Mount Polley was plagued by low copper prices from the onset of production and, in September 2001, only 4.5 years after opening, the struggling mine shut down, throwing almost 250 locals out of work.

The shutdown was damaging for both Imperial Minerals and Williams Lake. The company was forced into creditor protection in late 2001. The shutdown stripped the local economy of almost \$5 million in monthly revenue, causing a ripple effect that was felt by throughout the business community. Just 18 months before the Mount Polley closure, the Gibraltar Mine had also closed its doors. By the end of 2002, net migration out of Williams Lake was at an all-time high, real estate prices plummeted, local businesses boarded up their windows and

attendance at the famously popular Williams Lake Stampede hit a record low.

The turnaround has been swift. Today, Williams Lake is a thriving community. Two forestry companies are working at full capacity, the Gibraltar Mine is back in operation and the Mount Polley Mine has just completed a \$15 million retrofit, hired 225 locals and plans to be at full production capacity of 20,000 tonnes per day by the end of April 2005.

It is good news for everyone, especially for the creditors that hold the 15.7 million shares Imperial Minerals, provided as part

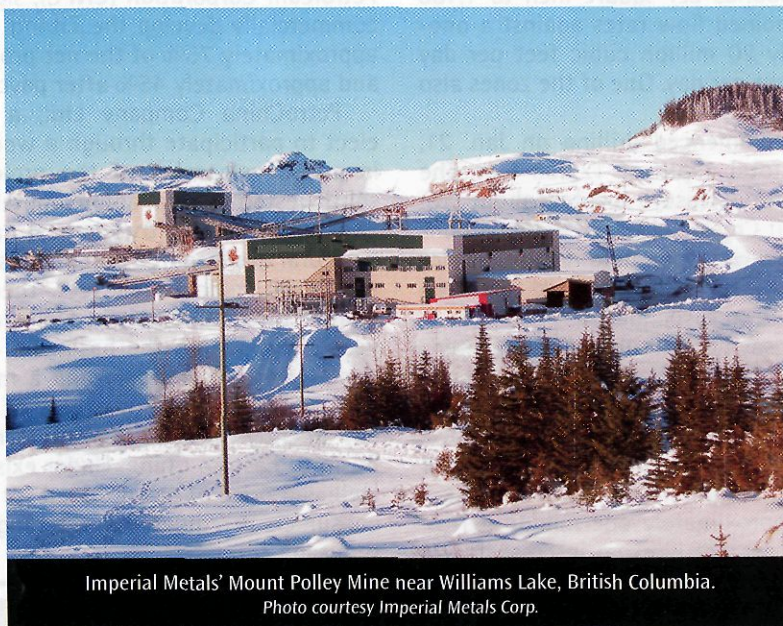
of its debt reconciliation. In April 2002, shares in Imperial Minerals were trading at \$0.35. Today they are trading at \$7.50, representing a healthy return on investment for patient shareholders. For Williams Lake, the good news is the injection of an additional \$6 million monthly into the community with spin-offs that could represent upwards of another 200 new jobs.

"For our crew to be back mining, this is wonderful," says Pierre Lebel, Chairman of Imperial Metals. "We are pleased to be contributing to the welfare of the local economy, and plan to make use of local contractors to ensure the mine benefits as many British Columbian families as possible."

The people back at the Dog N' Suds are a bit more reserved in their enthusiasm. Most of them have seen commodity cycles come and go and know that if copper prices plummet the mines could shut down again in a moment's notice.

But there are a few differences this time. The Mount Polley Mine has been re-opened at the beginning of an upward commodity cycle, whereas in 1997, by the time the mine was fully constructed and operating, the commodity cycle was nearing its end and the price for copper was at historic lows. This time around, the demand from China is strong and many are referring to this as a super cycle - one that could last upwards of a decade.

According to Lebel, the proven resources and reserves at Mount Polley ensure the mine can operate six years, while



Imperial Metals' Mount Polley Mine near Williams Lake, British Columbia.  
Photo courtesy Imperial Metals Corp.


## NORTHWEST TERRITORIES HYDROCARBON DISCOVERY

**P**acific Roder Energy Inc. [PRDTSXV] reports participating in a hydrocarbon discovery in the central Mackenzie Valley area of Northwest Territories, Canada. The exploration program area is located about 35 miles south-southwest of the town of Tulita and 45 miles from the existing Enbridge oil pipeline and the proposed Mackenzie Valley gas pipeline route.

This winter's program, comprising completing and production testing the Summit Creek B-44 well and drilling the Sah Cho L-71 exploratory wildcat well, has been completed. Production testing of the Summit Creek B-44 discovery well confirmed several productive intervals within a gross hydrocarbon column of over 600 feet. Two separate intervals were perforated and flow tested for periods of 18 hours and 39 hours, respectively. Each zone produced at rates of approximately 10 million cubic feet of gas per day and over 3,000 barrels of light volatile oil or condensate with flowing wellhead pressures of 900 pounds per square inch to 1,100 pounds per square inch. Combined flow rates against a one-inch choke are approximately 20 million cubic feet per day and 6,000 barrels of condensate per day. One of the zones also produced 1,000 barrels of water per day.

The Sah Cho L-71 well commenced drilling on Jan. 21, 2005, and was drilled to a total depth of 12,050 feet. The well tested a separate structural closure located about five miles southeast of the Summit Creek B-44 well. Hydrocarbons were encountered at L-71; however, open hole testing did not establish commercial flow rates. The well was cased to a total depth of 12,050 feet and has been suspended.


The company commented saying: "Results of this winter's program are encouraging as hydrocarbons have now been encountered in two separate structures in this emerging play. To prove commerciality in this new petroleum province, additional seismic, exploratory and appraisal drilling is required to evaluate other prospects identified on the consortium acreage portfolio covering approximately one million acres." Pacific Roder holds a 6.625 percent working interest in this

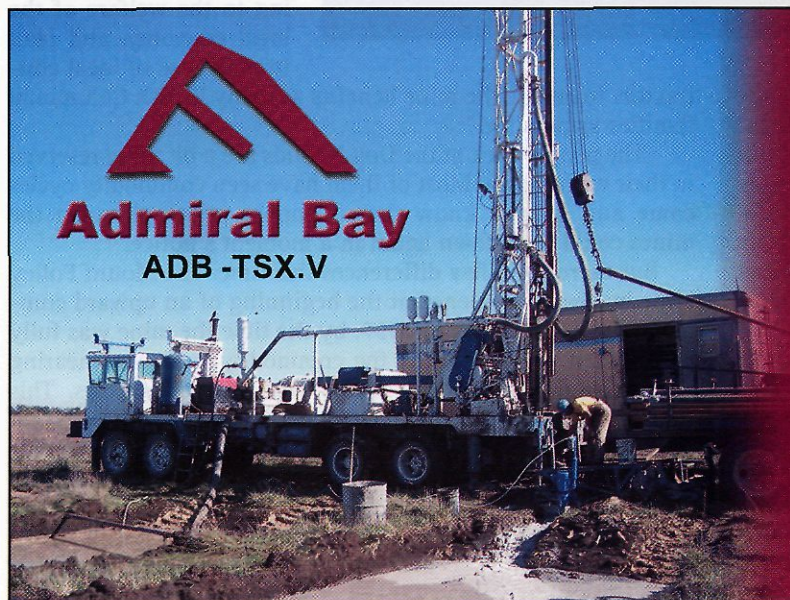
play. Other working interest owners in the Summit Creek B-44 well are operator **Northrock Resources Ltd.** [UCL-NY], 32.5%; **Husky Oil Operations Ltd.**, 29.4775%; **EOG Resources Canada Inc.** [EOG-NY], 26.3975%; and **International Frontier Resources Corp.**, 5.0%. 

## IVANHOE ENERGY DRILLS FOR CHINESE OIL

**I**vanhoe Energy Inc. [IVAN-NASDAQ; IE, IE.U-TSX], indirectly through its wholly-owned subsidiary Sunwing Energy Ltd., has started drilling its first exploration well on the company's 900,000-acre Zitong Block in China's natural-gas-rich Sichuan Basin. The well is expected to take 60 days to drill to a target depth of 8,700 feet. A seismic program has been completed and a second exploratory well is planned for later this year.

Sunwing, through its wholly-owned subsidiary Pan-China Resources Ltd., has a 100% working interest in a 30-year production-sharing contract with China National Petroleum Corporation (CNPC), signed in September 2002, to commercially develop the Zitong Block. Sunwing will receive approximately 75% of the net project revenues before payout and approximately 45% after payout.

PetroChina Company Ltd., a subsidiary of CNPC, may elect to participate through a working interest of up to 51% in any development of the project. The Sichuan Basin, in southwestern China approximately 930 miles southwest of Beijing, is the country's largest gas-producing region – with a natural gas resource potential estimated by Chinese officials to be 260 trillion cubic feet. There is a strong and growing market for natural gas in Sichuan, where some 120 million people live within the basin. An existing gas transportation grid is close to the well and a major natural gas trunk line with initial capacity in excess of 200 million cubic feet per day recently was completed to transport gas from the Sichuan Basin to Eastern China. Under existing delivery contracts, the wellhead price of gas destined for residential and commercial consumers is regulated in the range of US \$2 to US \$3.25 per thousand cubic feet. 



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The 17th annual **Money Show** is being presented at Bally's & Paris Resorts, Las Vegas, Nevada May 9-12. The conference will feature over 50 of Wall Street's top analysts, advisors and money managers who will address the issues of greatest concern to today's investors and traders. There is also an exhibit hall featuring over 200 financial services companies and attendees will obtain advice and insights during more than 200 free workshops, panel presentations, intensive sessions and stage presentations. Some of the topics being presented include: ADRs Bring a World of Opportunity to Your Door, Seven Top Resource Stocks for the Year Ahead, Winning with the Dow's losers – Beating the Market with Underdog Stocks, and Nanotech: What Every Investor Must Know. For more information, call 1-800-970-4355 or go to [www.moneyshow.com](http://www.moneyshow.com)

The **Geological Society of Nevada Symposium** is being presented May 15-18 at John Ascuaga's Nugget in Reno, Nevada. For more information, contact the GSN at 775-323-4589 or Email: [gnsymp@unr.edu](mailto:gnsymp@unr.edu) Web Site: [www.gsn2005.org](http://www.gsn2005.org)

**Halifax 2005** is being presented May 15-18, a joint meeting of the Geological Association of Canada, Mineralogical Association of Canada, Canadian Association of Petroleum Geologists and the Canadian Society of Soil Science. For more information, contact Mike MacDonald at 902-424-2523 or Email him at [hfx@gov.ns.ca](mailto:hfx@gov.ns.ca) The web site is [www.halifax2005.ca](http://www.halifax2005.ca)

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to increase its present 310 BOE/day \*significantly\* by the end of the year, which may take it some way down the pipeline toward being picked up by a trust fund.

Pelletier agrees that there is huge growth expectation for juniors in the current market. Lifecycles of juniors have shrunk as they sell increasingly quickly to trust funds, but with limited shelf space for all the trust funds, he says, trust funds want to see more and more BOEs. "So, you've really got to create something that's attractive... to a trust," says Pelletier.

In the case of Tudor, the company has done better than to just acquire new lands and drill new holes. Conn has grown the company while improving its bottom line. Where many juniors grow at the expense of incurring growing debt, Tudor has reduced debt to zero while increasing revenues – from \$1.3 million in 2003 to \$2.1 million in 2004. Those results have continued into the new fiscal year, when revenues for the six month period ending December 31, 2004 increased from \$884,000 in 2003 to \$1,289,000 – a 46% increase.

Moreover, the company's most recent price/earnings ratio is above average, at 35.45 percent. Add to that a 10-fold increase in assets at year-end 2004 from the year earlier, and you begin to get the impression that, while Tudor may not be the belle of the ball, she's got legs that'll dance all night. 📄

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recent discoveries in the Northeast Zone have the potential to extend this mine life for several more years. "The mine life is a function of two things: the price of metals and the discovery rate. We have not stopped discovering mineralization in the Northeast Zone since we started drilling and, most recently, we have discovered another high-grade underground zone with rock that has a potential value of CDN \$200 per tonne. The full potential of the mine is really a question of how big this zone is," says Lebel. At last report, the Northeast Zone had a reserves of 9.1 million tonnes grading 0.88% copper, 0.29 grams gold/tonne and 6.4 grams silver/tonne, plus a resource of 15.7 million tonnes grading 0.61% copper, 0.19 gram gold and 4.4 grams per tonne silver.

"The longer the mine life - the better," says Alan Madrigger, the Economic Development Officer for Williams Lake. "We are seeing a renewed investor enthusiasm throughout the region." Signs of the economic renewal are evident in Williams Lake. Local real estate values are on the rise, there is an inflow of new people to town and big box retailers are scouting locations for developments, while Wal-Mart has confirmed it plans to build a store this year.

Back at the Dog N' Suds the mood is more pragmatic. "Many people are still playing catch-up from the previous mine shut-down, but give us eight months and you'll see a lot more new half-ton trucks in town," says Natlie Anderson, owner of the Dog N' Suds. If the Williams Lake Stampede is a gauge for the health of the local economy, records could fall this year. 📄

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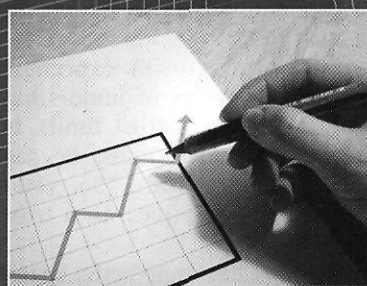
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"We used to have quite a few, but now we are somewhat differently organized. Our main mandate is here in the Americas. We work in South America, and I guess some of those countries have had political unstabilities," says Livet. "Before we go into these countries, we look at the situation carefully and set up specific project procedures. However, AMEC is working in Iraq right now and there are obvious security concerns and many precautions have to be taken." The Iraq projects, mainly in the power and water sector, are handled out of AMEC's South Carolina office.

"As far as alternative or renewable energy is concerned, we are mainly involved in wind farms of various kinds, on shore, off shore, as well as small hydro and biomass combustion units," says Livet. "These are not really new technologies - wind power has been around for a long time. Nowadays I consider wind an established technology that is developing further refinements."

AMEC's Earth & Environmental Division is one of the larger environmental firms in North America. "We do much work both in the US and Canada and are involved in many of the environmental appraisals and clean ups," explains Livet. "In addition, we have large environmental contracts with the US Department of Defence on their various bases. We do work for the Department of National Defence here in Canada as well. We are also building infrastructure for the military."

Looking for a good job? "We are continuously looking for people," says Livet, "Not just in our Oakville, Ontario office, but at our other operations and projects as well. There is a big push for people, certainly for people with expertise." ♦



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