

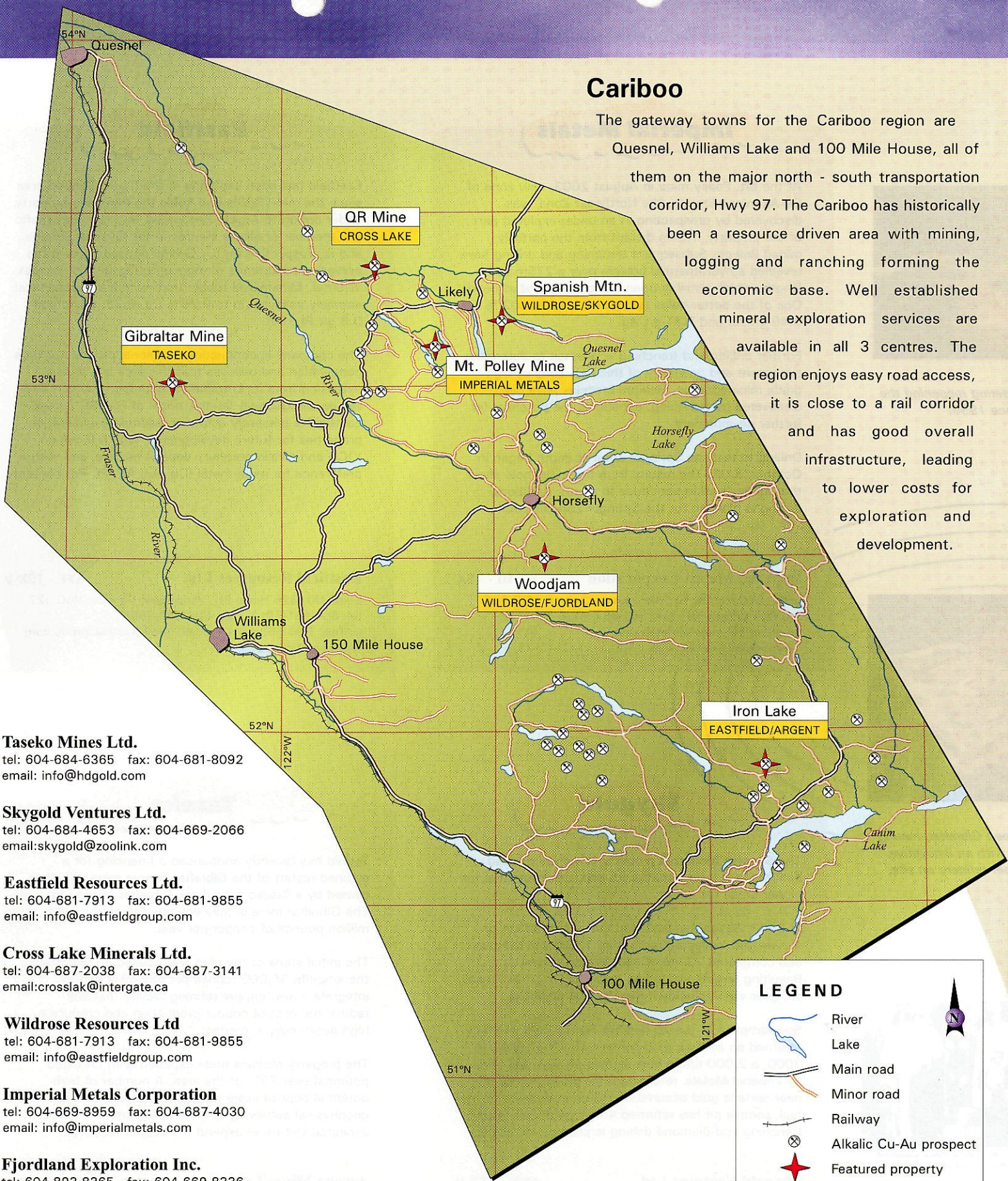
885603

VOS - Mount Polley (locally)



Cariboo

The gateway towns for the Cariboo region are Quesnel, Williams Lake and 100 Mile House, all of them on the major north - south transportation corridor, Hwy 97. The Cariboo has historically been a resource driven area with mining, logging and ranching forming the economic base. Well established mineral exploration services are available in all 3 centres. The region enjoys easy road access, it is close to a rail corridor and has good overall infrastructure, leading to lower costs for exploration and development.



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- Eastfield Resources Ltd.**
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- Cross Lake Minerals Ltd.**
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email: crosslak@intergate.ca
- Wildrose Resources Ltd**
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- Imperial Metals Corporation**
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- Fjordland Exploration Inc.**
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- Argent Resources Ltd.**
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LEGEND

- River
- Lake
- Main road
- Minor road
- Railway
- ⊗ Alkalic Cu-Au prospect
- ★ Featured property

0 5 10 15 20 25
kilometres

B.C.'s Cariboo Region

Rich Past, Prospective Future

The Cariboo region in central British Columbia has a long and exciting mineral exploration history that began with the discovery of the first major placer gold mines in British Columbia in the 1850's, near the village of Likely. Placer mining still goes on, and gold exploration remains very active in this rich mineral terrain.

The copper boom of the 1960's brought intense, renewed interest to the Cariboo as many major companies explored the region for porphyry copper-gold and copper-molybdenum deposits. Numerous occurrences were discovered, and the regional exploration boom carried into the early 1970's when the price of copper waned. A short-lived flurry of exploration occurred in the mid-1980's, but the area has been generally inactive for over a decade.

The geology of the area is very prospective for the discovery of alkalic copper-gold porphyry deposits, such as the Mt. Polley Mine near Horsefly, and for bulk mineable and underground gold deposits. Activity has grown considerably over the last three years in anticipation of a resurgence of metal prices.

Renewed interest in British Columbia exploration has been spurred by rising metal prices and a change in political climate. 2003 saw a 25% rise in spending, with further increases expected in 2004. The demand for high quality exploration properties has brought significant value to those companies who have a long history of successful mineral development in British Columbia and who managed to retain their properties during the recent period of slow mineral exploration.

- IMPERIAL METALS CORPORATION** III - TSX
- FJORDLAND EXPLORATION INC.** FEX - TSX-V
- ARGENT RESOURCES LTD.** AOU - TSX-V
- CROSS LAKE** CRN - TSX
- SKYGOLD** SKV - TSX-V
- WILD ROSE RESOURCES LTD.** WRS - TSX-V
- Taseko Mines Limited** TKO - TSX-V
- EASTFIELD RESOURCES LTD.** ETF - TSX-V



Cross Lake

Over the past 18 months Cross Lake has acquired three advanced exploration and development properties in the Cariboo Region: the **QR Mine**, **Cariboo** and **Cantin Creek**. All are easily accessible to the 800 tonnes/day permitted mill and tailings facility on the QR Mine Site. This has been on care and maintenance since 1998 when it was shut down due to low gold prices. The company is conducting exploration on all three properties and continuing to evaluate restarting the QR Mine.

The current resource on the QR is over 900,000 tonnes at an average grade of 3.1 g/t Au, with a mine life of 3-4 years. Further definition of additional zones of mineralization on all three properties will add to this existing resource and increase value of these projects.

The company also has a diverse portfolio of mineral exploration properties and is well positioned to take advantage of an upswing in base and precious metal prices.

Cross Lake Minerals Ltd.

CRN - TSX

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www.crosslakeminerals.com

Wildrose

Wildrose owns the Woodjam property and the Spanish Mountain property, both currently optioned to exploration partners.

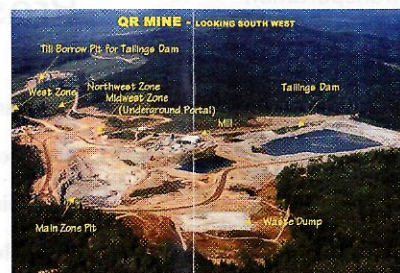
Woodjam, a porphyry gold-copper project, is optioned to Fjordland Exploration, who may earn a 60% interest in Woodjam by completing \$1.5M in exploration by October 2005. In 2003, Fjordland completed 3 drill holes which intersected a new zone, 810m distant from the previous discovery.

Spanish Mountain, a disseminated bulk tonnage target, is optioned to Skygold Ventures, who may earn a 70% interest Spanish Mountain by completing \$700,000 in exploration. Previous drilling here has returned many exciting drill intersections including 10m of 29.07 g/t Au and 19m of 7.99 g/t Au. In 2000, a 2,100 tonne test mining sample, processed at Imperial Metals' nearby Mt. Polley Mine, returned 3.02 g/t gold. A sampling and surveying program in 2003 will be followed by trenching and diamond drilling in 2004.

Wildrose Resources Ltd

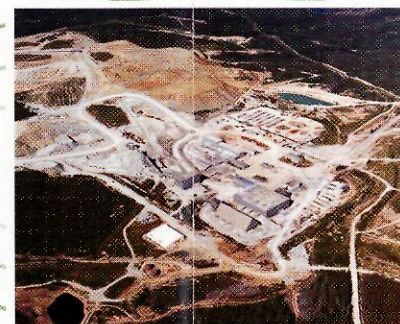
WRS - TSX-V

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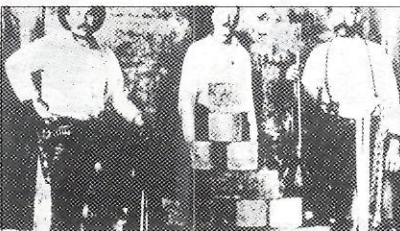
QR Mine

Cross Lake is considering reopening the QR mine, closed since 1998.



Gibraltar Mine.

Taseko plans to reopen Gibraltar, mining 35,000 tonnes/day with an innovative, high efficiency copper refinery on site.



Bullion Mine, Quesnelite Forks, 1902 - John B. Hobson (center) with gold ingots taken from Bullion Mine. Courtesy Prov. Archives, B.C.

Imperial Metals

At the **Mt. Polley** mine in August 2003, new zone of Cu-Au mineralization, the Northeast Zone, was discovered by prospecting in an under-explored part of the property, 1.5km distant from the partially mined Bell pit. Subsequent trenching and drilling have revealed a hydrothermal breccia over a 275m strike length, which remains open along strike and at depth. One of the better holes returned 204m of 1.02 % Cu, 0.40 g/t Au and 7.31 g/t Ag.

Further drilling and trenching is planned to determine the extent and geometry of this new zone of high-grade mineralization. Related breccias have been discovered by trenching, enhancing the potential for further development.

Drilling to test the Springer Zone at depth began in October 2003. The results from the initial hole show that mineralization continues to depth. Additional drilling is planned for the Springer Zone in 2004.

Imperial Metals Corporation

III - TSX

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Eastfield

Eastfield has been exploring in the South Cariboo area since the mid-1980's and holds the **Iron Lake** property, under option to Argent Resources. Iron Lake is a mafic end member of alkalic centres in the Quesnel Terrane, and is prospective for IOCG-type deposits due to the pervasive occurrence of magnetite (up to 30% of rock volume). Mineralized rubble from within a geochemical anomaly assayed up to 0.75% Cu, 0.73 g/t Au and 0.6 g/t Pt + Pd.

The company is conducting a regional program of data compilation and believes that this area is a logical extension from its **Lorraine-Jajay** property which also lies on the Quesnel Terrane, north of Fort St. James. Eastfield is presently acquiring additional exploration properties for future development, with a focus on IOCG and alkalic porphyry deposit models, and with a preference for multi-metal (Cu, Au, Ag, Pt, Pd) content.

Eastfield Resources Ltd.

ETF - TSX-V

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Fjordland

The **Woodjam** porphyry gold-copper project is modelled after the Kemess deposit in B.C. and Cadia Hill deposit in Australia. Cadia Hill commenced production in 1996 with a resource of 210 M tonnes grading 0.72 g/t Au and 0.18% Cu, while Kemess commenced in 1999 with a resource of 200 M tonnes grading 0.63 g/t Au and 0.22% Cu.

Drill results from Woodjam include 54m of 0.52 g/t Au and 0.10% Au; 144m of 0.72 g/t Au and 0.10% Cu; 100m of 1.15 g/t Au and 0.11% Cu.

In November 2003, Fjordland completed 3 additional drill holes with the second hole returning a 15.4 m intercept grading 0.90% Cu and 0.04 g/t Au. This intercept, being 810 metres east of previous drilling, is considered an important new discovery.

Fjordland Exploration Inc.

FEX - TSX-V

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Argent

The **Iron Lake** property covers a large mafic to ultramafic intrusive body in which pyroxenite, olivine pyroxenite, gabbro and sodic pegmatite occur in a complex with similarities to the platinum-palladium deposits in Lac Des Isles, Ontario and Norilsk, Russia.

Previous exploration has established the presence of significant copper, palladium, platinum and gold anomalies associated with a very prominent magnetic signature. A helicopter borne magnetic and EM survey is planned for 2004 to define conductors, while detailed ground geophysical and geochemical surveys will identify targets for trenching and drilling.

The popular IOCG deposit model is particularly suited to interpretation of the Iron Lake mineralization.

Argent Resources Ltd.

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Skygold

The **Spanish Mountain** property is a disseminated, bulk tonnage gold target, with additional potential for higher-grade resources.

In 2003, Skygold established more than 30 km of survey grid, collected more than 1,200 soil samples and completed 23 km of geophysical survey. Resulting targets yielded as much as 37 g/t Au in soil samples with coincident geophysical response.

Soil sampling of the 20 hectare central gold anomaly returned an average gold content of 1.5 g/t gold. In 2000, a 2,000 tonne bulk sample pit was dug here by Imperial Metals, returning 3.02 g/t Au, while a near surface gold occurrence, 100 metres west of the bulk sample pit has returned 40 g/t gold. Follow up trenching and diamond drilling is planned for 2004.

Skygold Ventures Ltd.

SKV - TSX-V

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email: skygold@zoolink.com

Taseko

Taseko has recently announced a financing for a planned restart of the **Gibraltar copper mine**, which is owned by a Taseko subsidiary, Gibraltar Mines Ltd. The Gibraltar mine is fully equipped to produce 80 million pounds of copper per year.

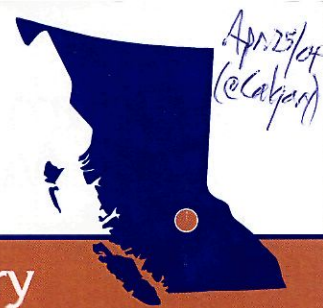
The initial steps of the plan are focused on restarting the long-life 35,000 tonnes per day mine and to integrate a new copper refining facility that will reduce the cost of copper production and produce a high purity copper product.

The property remains underexplored with untested potential over 70% of the area. A number of high potential deposit-scale targets have been identified by geophysical surveying, and comprehensive drilling is expected to further expand the copper resource.

Taseko Mines Ltd.

TKOCF - OTCBB
TKO - TSX-V

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JANUARY 2004

A New Copper-Gold Discovery



NORTHEAST ZONE

In August 2003 Imperial discovered a new copper-gold mineralization by prospecting in an under-explored part of the Company's 100% owned Mount Polley property, located near Williams Lake in south-central B.C.

The new discovery, named the "Northeast Zone", is approximately 1.5 km northeast from the partially mined Bell pit. Trenching and drilling have revealed a hydrothermal breccia over a 325 metre strike length. This breccia remains open along strike to the south-east and to depth. Related breccias continue in all other directions, enhancing the potential for further discoveries.

The breccia is structurally well prepared and features an overprinting of potassic and carbonate alteration. It is distinguished from known breccia-hosted copper-gold deposits at Mount Polley by a higher copper to gold ratio, higher silver and bornite content, lower magnetite, as well as higher copper grade. The grade of mineralization is exemplified in drill hole WB03-07 that returned 1.02 % copper, 0.40 grams per tonne gold and 7.31 grams per tonne silver over 204 metres.

Drilling and trenching are ongoing to determine the extent and geometry of the Northeast Zone. The exploration program is being conducted under the direction of Patrick McAndless, Vice President Exploration and Steve Robertson, Senior Geologist.

*Mount Polley team at the Northeast Zone discovery area:
Pierre Lebel, Chairman; Art Frye, Senior Mine Engineer;
Patrick McAndless, VP Exploration; Brian Kynoch, President*



Mount Polley Northeast Zone Trenching

NORTHEAST ZONE DRILL RESULTS

Drill Hole #	Metre Interval	Interval Length	Cu %	Au g/t	Ag g/t
WB03 01	3.05 - 60.00	56.95	2.54	1.15	17.40
WB03 02	2.60 - 79.10	76.50	0.74	0.34	5.00
WB03 03	1.50 - 195.00	193.50	1.33	0.44	10.60
WB03 04	0.61 - 159.00	158.39	0.34	0.21	2.66
WB03 05	3.70 - 37.50	33.80	0.49	0.30	5.32
WB03 06	7.10 - 220.00	212.90	0.98	0.32	6.18
<i>including</i>	7.10 - 110.00	102.90	1.94	0.57	11.71
WB03 07	13.40 - 217.50	204.10	1.02	0.40	7.31
<i>including</i>	13.40 - 126.30	112.90	1.72	0.56	12.33
WB03 08	7.30 - 81.10	73.80	0.98	0.31	8.04
WB03 09	0.00 - 132.50	132.50	1.04	0.24	6.53
<i>including</i>	62.50 - 132.50	70.00	1.69	0.39	10.38
WB03 10	21.30 - 163.60	142.30	1.16	0.40	8.20
WB03 11	24.38 - 205.00	180.62	1.00	0.40	7.30
WB03 12	0.00 - 15.20	15.20	0.72	0.23	6.65
WB03 13	abandoned				
WB03 14	44.30 - 213.30	169.00	1.06	0.37	6.65
<i>including</i>	55.00 - 90.00	35.00	2.02	0.79	12.81
WB03 15	30.00 - 165.00	135.00	1.16	0.35	9.58
<i>including</i>	47.50 - 120.00	72.50	1.82	0.55	16.17
WB03 16	15.20 - 127.50	112.30	0.63	0.20	4.02
<i>including</i>	15.20 - 37.50	22.30	1.41	0.48	9.61
WB03 17	39.62 - 74.20	34.60	1.18	0.09	10.91
WB03 18	--- no significant interval ---				
WB03 19	145.30 - 265.00	119.70	1.02	0.20	9.61
<i>including</i>	147.50 - 195.00	47.50	1.73	0.45	20.32
WB03 20	--- no significant interval ---				
WB03 21	26.50 - 235.00	208.48	1.18	0.45	9.05
<i>including</i>	26.50 - 137.50	110.98	1.78	0.79	15.34



JANUARY 2004

A New Copper-Gold Discovery

SPRINGER AND BELL ZONES

Deep drilling has confirmed the presence of a significant body of copper-gold mineralization beneath the design limits of the unmined Springer pit.

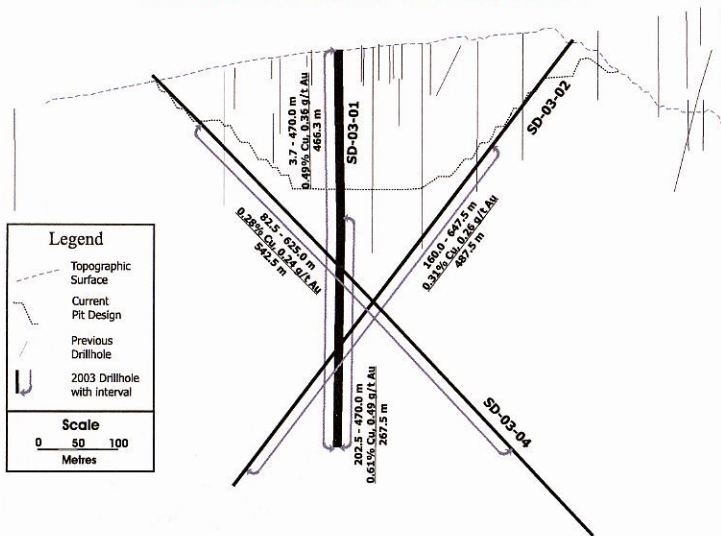
Four holes have so far been drilled to test the depth extent of the existing ore body at Springer. Additional drilling will resume after completion of an eight hole program to confirm the grade of copper-gold mineralization beneath the partially mined Bell pit.

In January 2004 the Company will have three drill rigs on the Mount Polley property to further expand and define the Northeast Zone and continue to test the depth extent of higher grade copper-gold mineralization in the Springer and Bell zones.

SPRINGER ZONE DRILL RESULTS

Drill Hole #	Metre Interval	Interval Length	Cu %	Au g/t
SD03-01	3.7 - 470.0	466.3	0.49	0.36
SD03-02	160.0 - 647.5	487.5	0.31	0.26
SD03-03	150.2 - 665.0	514.8	0.25	0.36
SD03-04	82.5 - 625.0	542.5	0.28	0.24
<i>including</i>	217.5 - 330.0	112.5	0.47	0.29

Drill Section 3250N - Looking North



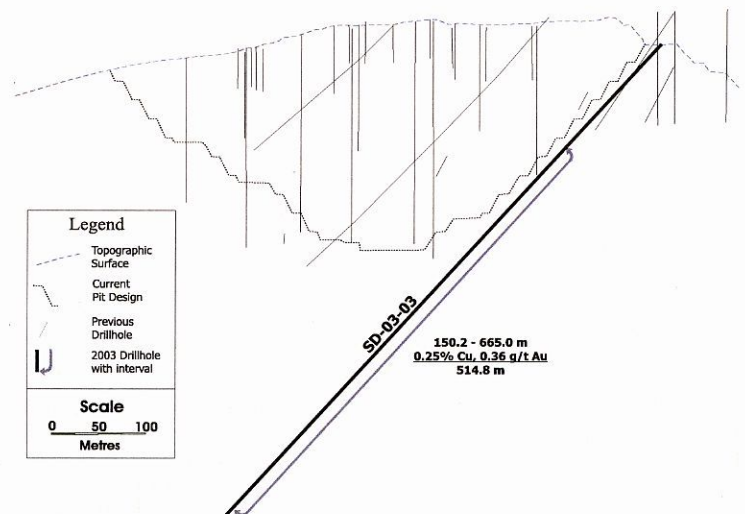
RECENT FINANCING

Imperial completed a bought deal private placement financing for \$10 million (2,353,000 units at \$4.25) in December 2003. Proceeds will be used to fund exploration and development at Mount Polley, and the Company's Sterling gold project in Nevada.

MOUNT POLLEY MINE HISTORY

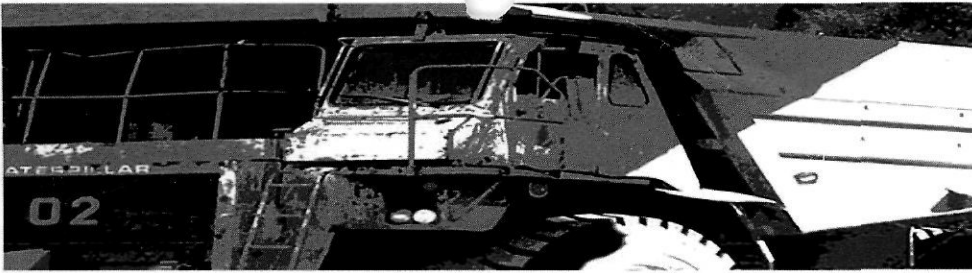
The Mount Polley mine produced over 133 million pounds of copper and 370,000 ounces of gold between 1997 and 2001 before operations were suspended due to low metal prices. At the time of suspension, reserves were 31.9 million tonnes grading 0.36% copper and 0.34 grams per tonne gold. The Mount Polley deposit was discovered in the mid-1960's with follow-up prospecting of an aeromagnetic anomaly. The deposit occurs in an alkalic intrusive complex featuring a variety of breccias related to monzonitic intrusions along a northerly trending structure within Nicola Group volcanics of late Triassic to early Jurassic age. This fault separates the overall deposit into the Cariboo, Bell and Springer deposits, each with distinctive mineralization, alteration and breccia characteristics.

Drill Section 3350N - Looking North



Imperial Metals Corporation
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email: info@imperialmetals.com



Discover Develop Operate

Mount Polley

Copper/Gold Property, BC

The Mount Polley property has been the focus of continual exploration since the discovery of the Northeast Zone in August 2003 with hole WB03-01 intersecting 57 metres grading 2.54% copper, 1.15 g/t gold and 17.4 ppm silver. To date over 187 holes have been drilled on the Northeast Zone and another 43 have been drilled on other areas on the property.

Results of the 2004 drill program confirmed additional high grade drill intercepts in the northern extension of the Northeast Zone. The intensely mineralized intersections in holes WB04-161 and WB04-179 confirmed the presence of a significantly higher grade zone within the Northeast Zone, called the *Green Zone*, that could be amenable to underground mining. These intersections include 25.1 metres grading 4.43% copper, 1.28 g/t gold and 26.92 ppm silver in hole WB04-161, and 15.0 metres grading 5.86% copper, 3.13 g/t gold and 39.06 ppm silver in hole WB04-179. This recently discovered higher grade zone, which includes 10.6 metres grading 5.43% copper, 3.08 g/t gold and 30.22 ppm silver in previously reported hole WB04-158, has been identified over a 70.0 metre strike length and is open along strike in both directions. Further delineation and testing of the Northeast Zone, along with the Springer Zone and numerous geological targets within the Mount Polley property are ongoing.

Milling operations at Mount Polley recommenced March 2, 2005. Initial feed will come from the Bell Pit and low grade stockpiles. Ore from the Wight Pit is scheduled for delivery to the mill in July 2005. Activities leading up to the restart of operations included logging of the Wight Pit area, construction of the Wight Pit access road, stripping of waste in the Bell Pit, recommissioning of the concentrator and additions to the mill including the installation of more flotation cells and a new concentrate thickener.

Based on the most recent reserve and resource estimate prepared by the Company, the Northeast Zone open pit mineable reserves are 9.1 million tonnes grading 0.88% copper, 0.29 g/t gold and 6.4 g/t silver. Measured and indicated resources, which are additional to the reserves noted above, stand at 15.7 million tonnes grading 0.61% copper, 0.19 g/t gold and 4.40 g/t silver.

Probable reserves for the property as a whole are 44 million tonnes ore grading 0.45% copper, 0.304 g/t gold and 1.332 g/t silver. Measured and indicated resources (excluding pit reserves) are 68.5 million tonnes grading 0.367% copper and 0.256 g/t gold. Inferred resources are 28.3 million tonnes grading 0.296% copper and 0.292 g/t gold (*Feb 21, 2005 news release*).

The Mount Polley mine was commissioned in 1997 and built by Imperial at a capital cost of \$115 million. The mine has a capacity of 20,000 tonnes of ore per day, and produced 133 million pounds of copper and 370,000 ounces of gold from 27.7 million tonnes of ore mined from the Cariboo and Bell pits before being idled in September 2001.

Property Facts

- open pit copper-gold mine
- 100% owned by Imperial Metals
- Northeast Zone discovered 2003
- mining operations recommenced March 2005
- mineral claims encompass 18,910 hectares, which includes 10,660 hectares acquired January 2005
- property located 56km NE of Williams Lake in central BC

Corporate Facts

Trading Symbol III:TSX
As at February 28, 2005:
Shares Closed at \$7.10
52 wk high \$8.40 / low \$4.75
Shares O/S 28.0 million
Fully Diluted 29.8 million
Market CAP \$199.2 million

Major Shareholder (+10%)
37.0% - M. Edwards & companies
controlled by M. Edwards

Imperial Officers & Directors

Pierre Lebel, Chairman
Brian Kynoch, President
Patrick McAndless, VP Exploration
Andre Deepwell, CFO
Kelly Findlay, Treasurer
Peter Geib, Director
Larry Moeller, Director

Investor Relations 604.488.2657
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→ Mount Polley

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

IMPERIAL METALS CORP.

PRODUCTION STATISTICS

HUCKLEBERRY MINE

- Open pit copper/molybdenum mine
- 60 percent owned and operated by Imperial
- Located approximately 123 kilometres southwest of Houston, B.C.

Production Statistics (representing 100 percent of mine production, 60 percent of which is allocable to Imperial)

	Third Quarter 1998	Year to Date 1998
Ore Milled (tonnes)	1,787,324	4,941,550
Ore milled per calendar day (tonnes)	19,427	18,101
Ore milled per operating day (tonnes)	21,274	20,481
Copper content (percent)	0.612	0.643
Copper recovery (percent)	89.370	88.700
Molybdenum content (percent)	0.018	0.017
Molybdenum recovery (percent)	28.210	20.820
Concentrates produced (tonnes)	39,043	111,468
Concentrate grade (percent Cu)	25.39	25.31
Concentrate grade (percent Mo)	49.06	49.02
Copper produced (lbs)	21,856,076	62,190,425
Molybdenum produced (lbs)	196,942	327,326

MOUNT POLLEY MINE

- Open pit gold/copper mine
- 55 percent owned and operated by Imperial
- Located approximately 56 kilometres northeast of Williams Lake, B.C.

Production Statistics (representing 100 percent of mine production, 55 percent of which is allocable to Imperial)

	Third Quarter 1998	Year to Date 1998
Ore Milled (tonnes)	1,670,466	4,366,573
Ore milled per calendar day (tonnes)	18,157	15,994
Ore milled per operating day (tonnes)	19,368	17,896
Copper content (percent)	0.344	0.365
Copper recovery (percent)	48.900	50.100
Gold content (g/t)	0.710	0.755
Gold recovery (percent)	67.800	69.900
Concentrates produced (tonnes)	9,857	26,943
Concentrate grade (percent Cu)	28.51	29.52
Concentrate grade (g/t Au)	81.50	85.68
Copper produced (lbs)	6,195,338	17,532,551
Gold produced (ounces)	25,832	74,222

→ Mount Polley

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 reasonable 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 concluded 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.

→ Mount Polley

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



Imperial
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VGS → Mount
Polley

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To Our Shareholders

Financial Results

Imperial's comparative results for the three months ended March 31, 2005 and March 31, 2004 are summarized below and discussed in detail in the attached Management's Discussion and Analysis.

Net income for the three months ended March 31, 2005 includes \$3.5 million in equity income from Huckleberry Mines Ltd. and an income tax recovery of \$2.2 million related to the change in the future income tax valuation allowance.

<i>(unaudited) in thousands except per share amounts</i>	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Revenues	\$46	\$296
Operating (Loss)	\$(1,717)	\$(925)
Net Income (Loss)	\$3,946	\$(697)
Net Income (Loss) Per Share	\$0.14	\$(0.03)
Cash Flow ⁽¹⁾	\$(1,145)	\$(744)
Cash Flow Per Share ⁽¹⁾	\$(0.04)	\$(0.03)

- (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 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.

Mount Polley

Milling operations were restarted at the Mount Polley copper-gold mine during the first quarter 2005 following five months of extensive pre-production activities, including access road construction, clearing of the Wight Pit, Bell Pit pre-stripping and mill and site refurbishments.

The wholly owned Mount Polley property is located 56 kilometres northeast of Williams Lake in central British Columbia.

In March, a total of 1,297 tonnes of concentrate grading 26.4% copper and 45.9 g/t gold were produced from 303,000 tonnes of ore treated. Daily mill throughput in April, the first full month of production, averaged 15,000 tonnes per day, producing 2,624 tonnes of concentrate grading 24.3% copper and 29.0 g/t of gold. Trucking of concentrate from the mine site to Vancouver Wharves commenced in mid March. An ocean shipment of 10,000 dmt is planned for late June 2005. The majority of the mill feed during this period was low grade stockpiles.

Mining operations to the end of March consisted almost entirely of waste stripping with 2.14 million tonnes mined from the Bell Pit, 131,000 tonnes of it ore, and 222,000 tonnes of waste from the new Wight Pit. The highest daily mine production achieved in March 2005 was over 70,000 tonnes, with two of the three PH 2100 shovels operational. With the entire mining fleet operational, including three P&H 2100 shovels, we plan to average over 80,000 tonnes per day of mine production.

*Production Statistics**from start of mill operations March 8, 2005 to March 31, 2005**(unaudited)*

Ore milled (tonnes)	303,223
Ore milled per calendar day (tonnes)	12,634
Grade % - Copper	0.202
Grade g/t - Gold	0.328
Recovery % - Copper	51.79
Recovery % - Gold	57.44
Copper produced (lbs)	700,743
Gold produced (oz)	1,834

Under the current plan, the mine and mill complex will produce approximately 26 million pounds of copper and 33 thousand ounces of gold in concentrate this year. In 2006, when 40% of the mill feed will come from the newly developed Wight Pit, production will total 70 million pounds of copper and 50 thousand ounces of gold.

Imperial acquired 100% of the Mount Polley mine in 2001 maintaining it on care and maintenance during a three year suspension of operations until pre-production work began in 2004. The mine now employs more than 200 people, making a significant contribution to the economy of the Williams Lake area.

Exploration continued during the period with up to four drill rigs active. Exploration was concentrated in two areas, the deeper mineralization located north of the Wight Pit, and the Southeast Zone. In the area north of the Wight Pit, drilling was aimed at extending the Green Zone. In the Southeast Zone, the focus was on extending the near surface mineable tonnage of ore. + 92 zone

Drilling in the northern area has expanded the Green Zone to a strike length of 270 metres east-west and has extended the Northeast Zone mineralized trend a further 250 metres to the north. The entire Northeast Zone trend now extends 650 metres north-south.

Drilling in the Southeast Zone was successful in proving up near surface mineralization, and intersected deeper mineralization outside the projected pit area. This drilling also intercepted some molybdenum mineralization, with hole SE05-25 intercepting 10 metres of over 0.1 % molybdenum.

Huckleberry Mine

Imperial holds a 50% interest in the Huckleberry mine through a subsidiary. This open pit copper molybdenum mine is located 123 kilometres southwest of Houston in west-central British Columbia. Production statistics for the first quarter are provided below.

<i>Production Statistics</i> <i>(unaudited)</i>	Three Months Ended March 31	
	2005	2004
Ore milled (tonnes)	1,864,200	1,566,100
Ore milled per calendar day (tonnes)	18,807	17,210
Ore milled per operating day (tonnes)	21,107	19,079
Grade (%) - Copper	0.542	0.495
Grade (%) - Molybdenum	0.014	0.013
Recovery (%) - Copper	87.7	87.0
Recovery (%) - Molybdenum	26.6	18.6
Copper produced (lbs)	17,748,000	14,868,000
Molybdenum produced (lbs)	135,567	81,310

VCS → Mt. Polley

IMPERIAL METALS CORPORATION

October 16, 1991

Mr. Tom Schroeter, P. Eng.
Senior Regional Geologist
Geological Survey Branch
B.C. MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
301-865 Hornby Street
Vancouver, B.C.
V7Z 2G3

Dear Mr. ^{Tom:} Schroeter:

As you have seen from the press release our hard work is bearing fruit.

All wheels are in motion for construction of the mine and mill at Parys Mountain to start in January 1992.

◆ -- ◆ -- ◆

Over the past 8 years we have conducted extensive and intensive exploration on a diversified and widespread portfolio of mineral properties. Part of this process was careful selection and upgrading a number of projects towards development and production: Crow Butte (U), Parys Mountain (VMS), Mount Polley (porphyry copper-gold), Paredones Amarillos (gold), Blue Moon (VMS), Big Red (U), Porcher Island (gold)

Our main focus in 1991 has been the development to production of:

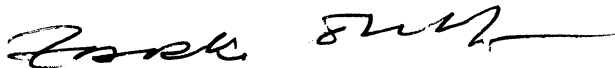
- (a) **Crow Butte**, a major in-situ leach uranium mine in Nebraska, U.S.A., commissioned in mid June,
- (b) **Parys Mountain**, a base metal mine, in Wales, U.K., and
- (c) **Mount Polley**, an open pit (porphyry copper-gold) mine, in British Columbia, Canada.

Having taken care of two of our three most advanced projects (Crow Butte and Parys Mountain) our efforts from now on will focus on Mount Polley. Mount Polley will be British Columbia's lowest cost per pound of copper producer.

While construction of Mount Polley, like that of Parys Mountain, will start in 1992 production will be achieved in early 1994.

Yours truly,

IMPERIAL METALS CORPORATION



Zarko T. Nikic
Vice President, Exploration