

IMPERIAL METALS CORP.

(IPM-T) 73,147,146 SHS.

THREE MONTHS ENDED MARCH 31, 1999	1998	
REVENUE	\$23,996,000	\$13,215,000
NET LOSS	964,000	2,369,000
LOSS PER SHARE	1¢	4¢
OPERATING PROFIT (LOSS)	359,000	(2,068,000)
CASH FLOW	1,089,000	(443,000)
CASH FLOW/SHARE	1¢	(1¢)

FIRST QUARTER REPORT - Pierre Lebel, president, Imperial Metals Corp., reports financial and production results for the three months ended 31Mar99. The 1999 quarter included a full three months of operations for both the Mount Polley Mine and the Huckleberry Mine, both located in BC. The comparative quarter in 1998 included the three months of operations for Mount Polley but only one month for the Huckleberry Mine, which was acquired effective 28Feb98, in a merger with Princeton Mining Corp. Weak commodity prices in gold and copper were partially offset by improved operating efficiencies which included higher throughput and recovery rates. Repayments on long term debt totalled \$3,529,000 and capital expenditures were \$1,919,000 during the three months ended 31Mar99, compared to \$367,000 and \$1,473,000 in the first quarter of 1998.

At the 60% owned Huckleberry Mine, an open pit copper, molybdenum mine operated by Imperial, located about 123 km southwest of Houston, northern BC, Imperial's ownership is to be reduced to 50% upon approval by 40% owner Japan Group of a financial restructuring package. The Japan Group comprises Mitsubishi Material Corp., Marubeni Corp., Dowa Mining Co. Ltd. and Furukawa Co. Ltd. Production statistics TABLED OVERLEAF P.4 represent 100% of mine production, 60% of which is presently allocable to Imperial.

Negotiations on a second financial restructuring package for the Huckleberry Mine began in December 1998 and were concluded in March 1999. This financial restructuring package remains subject to approval by boards of directors of the four Japan Group companies. If approved, this arrangement will result in full deferral of all principal and interest payments during 1999. During 2000 and 2001, the payment of principal and interest will be dependent on

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available cash. Also, smelter charges and payment terms will be improved.

In consideration of these and other elements of support from the Japan Group, Imperial agreed to increase its line of credit to the mine from \$1,500,000 ranking behind all other loans to \$2,500,000 ranking ahead of all other loans, except for a working capital loan currently at US \$3,800,000. Imperial also agreed to sell a 10% interest in the Huckleberry Mine to the Japan Group for a nominal amount, with the result that if this arrangement is approved, Imperial's interest will be reduced to 50% and the interest of the Japan Group will be increased to 50%. In the event the arrangement is not approved, all funds advanced by Imperial under its line of credit to the mine will be immediately repayable to Imperial and the creditors of the mine may call their loans and exercise their security.

For the 55% owned Mount Polley Mine operated by Imperial, an open pit gold, copper mine located about 56 km northeast of Williams Lake, BC, production statistics (representing 100% of mine production, 55% allocable to Imperial, are also tabled OVERLEAF P.4. The project is 45% owned by Sumitomo Corp.

The 100% owned Silvertip property, located in northern BC, 85 km southwest of Watson Lake, Yukon, is in Stage 2 of the BC Environmental Assessment Review process, which involves environmental, engineering and socio-economic studies as part of the requirement for project certification leading to production. Final project report specifications have been set, outlining the requirements for data gathering and analysis necessary prior to issuance of a development certificate.

In April 1999, Imperial optioned a 60% interest in Silvertip to PERUVIAN GOLD LTD. [PVO-V] which must spend \$5,000,000 over three field seasons, with a minimum commitment of \$450,000 in 1999. Imperial retains operator-ship throughout the option period, preserving cash and offsetting the risk associated with deep drilling, and retains the right to buy back a 20% interest in the property by making subsequent expenditures of \$2,000,000.

The proposed exploration for 1999 will further define and test a CSAMT anomaly that may represent a chimney style massive sulphide, before proceeding with a 2,000 metre diamond drilling program. Silvertip has a mineral resource of 2,570,000 tonnes grading 325 grams silver/tonne, 6.40% lead, 8.80% zinc and 0.63 grams gold/tonne.

In January 1999, Imperial called on its 39.5% owned affiliate, CATHEDRAL GOLD CORP. [CAT-T], to repay all funds it borrowed under its line of credit with Imperial. The borrowed funds are secured by Cathedral's interest in the Sterling Mine located near Beatty, Nevada. In April 1999, agreement was reached with the independent directors of Cathedral giving that company the option of settling its line of credit, to a maximum amount of \$1,000,000, through issuance to Imperial of 1,000,000 shares and assignment to Imperial of its interest in the Sterling Mine. This option remains open until 31Dec99.

Effective 31Mar99, Imperial increased its interest in the Sterling Mine from 10% to 50% by agreeing to fund the cost of turning the heaps and installing a waterline to the minesite. Sufficient recoverable gold is thought to remain in the heaps to cover the cost of this work and recover a significant portion of amounts owed by Cathedral under its line of credit with Imperial.

The Sterling Mine has been in production since 1980 as a high grade, low tonnage operation and remains attractive as an exploration target for a low grade high tonnage deposit, typical of the Nevada geological setting. (SEE GCNL NO.91, 12May99, P.3 FOR CATHEDRAL TEAR END REPORT)

IMPERIAL METALS CORP.

HUCKLEBERRY MINE PRODUCTIONS STATISTICS

	First Quarter <u>1999</u>
Ore milled (tonnes)	1,630,258
Ore milled per calendar day (tonnes)	18,114
Ore milled per operating day (tonnes)	20,037
Grade (%) - Copper	0.598
Grade (%) - Molybdenum	0.018
Recovery (%) - Copper	91.33
Recovery (%) - Molybdenum	44.79
Copper concentrates produced (tonnes)	33,741
Molybdenum concentrate produced (tonnes)	253
Concentrate grade (%) - Copper	26.37
Concentrate grade (%) - Molybdenum	50.87
Copper produced (lbs)	19,616,768
Molybdenum produced (lbs)	283,479

MOUNT POLLEY MINE PRODUCTION STATISTICS

	First Quarter <u>1999</u>
Ore milled (tonnes)	1,506,199
Ore milled per calendar day (tonnes)	16,736
Ore milled per operating day (tonnes)	18,595
Grade (%) - Copper	0.314
Grade (g/t) - Gold	0.655
Recovery (%) - Copper	68.56
Recovery (%) - Gold	77.47
Concentrates produced (tonnes)	12,397
Concentrate grade (%) - Copper	26.05
Concentrate grade (g/t) - Gold	61.69
Copper produced (lbs)	7,118,946
Gold produced (ounces)	24,590

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