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George Cross News Letter

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NO. 13 (1995)
JANUARY 19, 1995

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BETHLEHEM RESOURCES CORPORATION

[BTH-V,T] 20,409,894 SHS.

IMPERIAL METALS CORPORATION

[IPM-T] 52,000,000 SHS.

EXTRAORDINARY MEETING TO CONSIDER - Feb. 17, 1995, share-ONE SHARE FOR THREE SHARES MERGER holders of Bethlehem Resources will meet at 10:00 a.m., in the Four Seasons Hotel, Vancouver, B.C., to consider a merger proposed with Imperial Metals Corp.

Each holder of shares of Bethlehem will receive, at the option of the holder, either one common share of Imperial for every three shares of Bethlehem held or 50¢ cash, subject to a maximum payment by Imperial Metals of \$2,000,000. Shareholders holding in excess of 3,000,000 shares of Bethlehem have entered lock-up agreements with Imperial, pursuant to the merger agreement. Imperial Metals holds 2,000,000 warrants exercisable at 52¢ each until May 26, 1996, to buy shares of Bethlehem Resources which will not be exercised, but will be cancelled. On Jan. 5, 1995, Imperial Metals owned 4,551,016 shares or 22.3% of Bethlehem Resources. Of these Bethlehem shares, 2,551,016 shares plus 2,000,000 special warrants were bought by Imperial Metals on Nov. 28, 1994, at 47¢ each from BGR Precious Metals Inc., Dynamic Canadian Growth Fund, Dynamic Precious Metals Fund, Jodamada Corporation and Kinross Gold. At Jan. 5, 1995, Imperial Metals had 52,694,077 shares issued of which 24,824,097, 47.1% were owned by officers and directors including 20,000,000 shares owned by N. Murray Edwards, chairman of Imperial Metals. On completion of the transaction there is forecast to be 56,657,587 shares of Imperial Metals issued, of which the former Bethlehem shareholders will hold 3,963,510 shares. The combined company will have no debt and cash of about CDN \$17,000,000.

Once the transaction is completed, Henry G. Ewanchuk and C. Channing Buckland, current directors of Bethlehem, and all current directors of Imperial, will be appointed to the board of the new company. The merger will create a new producing mining company with significant cash resources, no debt and a substantial mineral asset base. Current production of 15,000,000 pounds of copper per year is produced from Bethlehem's 50%-owned Goldstream Mine, near Revelstoke, B.C.

The primary focus of the new company will be the financing and construction of Imperial's 100%-owned Mount Polley copper/gold project 60 km. east of Williams Lake, B.C. Geological reserves have been estimated at 254,000,000 tons grading 0.26% copper and 0.01 oz. gold/ton, including proven and probable reserves of 51,000,000 tonnes of 0.38% copper, 0.5 grams gold/tonne. The property is considered to have good potential for adding to mining reserves. -CONTINUED ON PAGE TWO-

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CONTINUED FROM PAGE ONE - A June 1990 feasibility study estimated the project at 15,000 tonnes per day, at a capital cost of \$131,000,000, including contingencies and working capital of \$18,000,000, would produce 724,000 oz. of gold and 370 million pounds of copper from the known high grade core. Later studies indicated the capital costs could be reduced by \$12,000,000. Aggregate production costs, including operating costs, refining, treatment, marketing, freight, transport, and mining tax, are estimated at US 28¢ per pound copper after deducting gold credits or US \$127 per oz. gold after deducting copper credit. Japanese smelter groups have indicated a willingness to buy all of Mount Polley's concentrates under long term contracts. By installing used plant and equipment and by having the highly experienced management team of Bethlehem Resources headed by H. G. Ewanchuk and Brian Kynoch managing the construction and operation, the capital and construction costs are forecast to be further reduced substantially. Mount Polley has received a Mine Development Certificate from the Province of B.C. for production at 15,000 tonnes per day. First production is forecast for early 1997. Projected production at Mount Polley could add 33,000,000 pounds of copper and 80,000 ounces of gold per year. (SEE GCNL NO.229, P.1, 30NOV94 FOR SOME MERGER DETAIL and NO.221, 18Nov94, P.3 FOR SOME BETHLEHEM PROJECT DETAILS AND NO.230, P.1, DEC. 1, 1994, FOR IMPERIAL METALS PROJECT REVIEW)

Imperial Metals derives additional gold exposure from a 40% share ownership of Cathedral Gold Corp. (SEE GCNL NO.241, P.2 Dec.16/94 and No.228, P.3, Nov.29/94 for Cathedral project reviews) In the six months ended Sept. 30, 1994, Imperial Metals received revenues from non-operating oil and gas properties of \$440,000.

In a Jan.5, 1995, fairness opinion, Stephen W Semeniuk, F.C.A., concludes the proposed terms of merger are fair and reasonable.

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