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George Cross News Letter

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NO. 124 (1996)
JUNE 26, 1996

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IMPERIAL METALS CORPORATION

[IPM-T] 57,047,093 SHS.

MAJOR CONSTRUCTION NOW UNDERWAY - On June 19, 1996,
between 6:45 a.m.

and 6:06 p.m. there were 625 cubic yards of concrete poured at the Mount Polley/Cariboo Bell gold/copper mine owned 55% by Imperial Metals and 45% by Sumitomo Canada Limited. The plant is at 3,640 feet elevation, 56 km northeast of William Lake, in the Cariboo country of central B.C. Subject to no royalties, net proceeds or other underlying interests.

On hand at the mill site to observe the pour were Henry G. Ewanchuk, project team leader, Brian Kynoch, senior vice president, chief operating officer; Pierre Lebel, president, Imperial Metals; Akira (Fred) Takeuchi, vice president, manager non-ferrous ores, Sumitomo; Hoshio M. Lu, assistant manager non-ferrous ores, Sumitomo; and Andre H. Deepwell, vice president, finance, Imperial.

This pour is significant for at least two reasons. First it was successful, on time, a major pour demonstrating the innovative equipment used that can be efficient and lower cost. The self mixing concrete batch trucks are a relatively newly developed piece of equipment and appear to offer a new method of remote location concrete mixing and delivery. The trucks have five major components: water tank; an 8 to 10-yard capacity sand bin/hopper, a matching 8 to 10-yard gravel bin/ hopper, a cement silo and a one-metre long mixing/delivery screw. The driver-operator uses a computer to deliver water, sand, gravel and cement, plus up to four additives, in measured and carefully adjusted proportions to the screw which mixes the ingredients and delivers the completed concrete to the goosed-necked delivery pumping truck. The equipment delivers each 8 to 10-yard batch in 6.5 to 12 minutes, about one yard per minute. Four trucks operating continuously keep the crew of 15 moving steadily pouring, vibrating, smoothing, sampling, testing, inspecting and surveying. All one of the inspectors said, "The system is slick, quick and delivers better quality product than the old batch plants and rotating mixer trucks. It sets up faster and we get greater strength in fewer days. We can work on the poured concrete in fewer days. If all the pours go as smoothly as this first one, then we will stay on schedule, maybe gain a little time."

As the pour was underway, other activity at the mill and mine continued including road building, filling and levelling the mill yard, stripping of ore stockpile area, waste dump, clearing and stripping of tailings/water reclamation, delivery of pipeline and milling machinery. The 65-man crew on the property are working at a steady continuous pace to achieve first production in 18 months in November 1997. Contracts have now been awarded for \$45,000,000 of the estimated \$124,000,000 capital cost of the plant, including three months working capital. Steel erection for mill and crusher buildings is set to start in August. The main buildings will be closed in by the end of October and interior work will proceed through winter. The project will create 200 jobs during construction and 170 during mine operations.

Mr. Ewanchuk said it is too early to know if the project is on time and on budget but by the late fall of 1996 management will have a better feel for how things stand. With all of the major plant components bought and construction underway the project is off to a good start.

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Following the site tour, the management team inspected the huge array of equipment/machinery for the plant now assembled and undergoing overhaul at the Brenda mine near Kelowna, B.C. The components have been sourced and bought from: Mattadi, Gaspé Bay, Goldstream, Bell Copper Mine, Highland Valley Copper and Brenda. It takes management time and skill to source, inspect, evaluate and buy good used equipment, then to overhaul and install it into an a cohesive balanced efficient plant. The project team has those skills, learned and carefully practiced during the construction and operation of a minimum of six mine/mill projects. With the right project team, the use of used equipment saves substantially on the capital costs.

During the year ended Dec. 31, 1995, Imperial Metals invested \$7,700,000 in the Mount Polley gold project and ended the year with cash of \$7,300,000 and working capital of \$10,000,000.

ORE RESERVES OPEN TO EXPANSION - Reserve calculations are based on 535 holes, 205,000 feet of drilling, 90% on 30-metre spacings. The operating staff show mineable reserves at 82,000,000 tonnes grading 0.417 grams gold/tonne, (or 0.012 oz. gold/ton) 0.3% copper, containing 1,100,000 oz. gold, during the first four years of production, and 544,000,000 pounds copper, at a stripping ratio of 1.6 to one. The production cost per ounce of gold with copper as a credit at present Cdn. dollar and copper prices, is less than US \$180 per ounce. Ore will be mined/milled at 18,000 tonnes per day to recover 100,000 oz. gold plus 24,000,000 pounds of copper per year from 6,500,000 tonnes of ore. The annual report shows, almost twice as much mineable ore reserves in four pit areas of 164,649,000 tonnes grading between 0.324 grams gold/tonne and 0.501 grams gold/tonne and between 0.3% and 0.26% copper, at stripping ratios of 0.54 to 1.9 tonnes of waste to one tonne of ore. Ore reserves are open for expansion within the projected pit limits and elsewhere on the property. -CONTINUED ON PAGE TWO-

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IMPERIAL METALS CORPORATION

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PROJECT FUNDING - Sumitomo has a 45% joint venture interest and will provide up to \$54,000,000 in project debt financing. Sumitomo will act as concentrate marketing agent and will also receive 2,000,000 Imperial common share purchase warrants, 1,000,000 exercisable to June 30, 1997 at Cdn. \$1.40 each, and 1,000,000 exercisable to June 30, 1998 at Cdn. \$1.70 each. Imperial is required to make an equity contribution of \$14,000,000, of which \$8,000,000 has been spent with the balance to come from the working capital of \$16,500,000, including cash on hand of \$14,000,000. Imperial will operate, and will receive bonus revenues beyond its participating interest share based on operating performance. The Province of BC has agreed to provide support for the conclusion of favourable negotiations on rail transportation, port and hydro charges.