

from an operating loss of \$789,000 in the second quarter of 1995. The reduction in revenues was due to the termination of mining and milling operations at the Goldstream Mine near Revelstoke, BC, on 31Jan96. The 1996 quarter includes a gain on the sale of the residual interests in a Saskatchewan uranium property. During the second quarter Imperial's share of additions at Mount Polley, BC totalled \$4,457,000. At 30Jun96, Imperial had \$15,576,000 in cash and cash equivalents and no debt.

Mount Polley, BC: As of August 1, over 5,000 cubic yards of concrete had been poured and 74 tons of structural steel had been erected at Mount Polley, located 56 km northeast of Williams Lake. Tailings dam construction has started and process equipment is arriving daily at the mine site and at the company's holding facility in Williams Lake. Blasting has started on the Cariboo pit.

Over 150 construction personnel are now on site. The project has reached the stage of full scale development with concrete pouring, steel erection, tailings dam construction, pit blasting, waste dump clearing, process equipment assembly and delivery, all underway simultaneously. All buildings will be closed in by the end of October 1996 and start up is expected in the fall 1997.

Imperial is the operator and holds a 55% interest in Mount Polley. Sumitomo Corp. of Japan holds a 45% interest. Mineable reserves are 82,300,000 tonnes containing 1,100,000 ounces of gold and 544,000,000 pounds of copper and are sufficient for a minimum 12 years of mine life. Mount Polley is expected to produce about 100,000 ounces of gold during each of the first four years of operation. Copper production will average over 28,000,000 pounds per year during the entire mine life.

Regional Resources Ltd.: On 23Aug96 Imperial reported agreeing with REGIONAL RESOURCES LTD. (RGL-T) to make an offer, by way of plan of arrangement, for all of the outstanding shares of Regional, subject to shareholder and regulatory approval.

Under the terms of the offer, each holder of shares of Regional will receive, at the option of the holder, either 0.8 shares of Imperial for each one share of Regional held or \$1.00 each. AEC West Ltd., formerly Conwest Exploration Co. Ltd., the holder of 3,973,960 shares (55.4%) of Regional, has entered a lock-up agreement with Imperial to vote in favour and to elect the all cash option.

Regional's principal asset is an 82.15% interest in the Midway project, an advanced stage silver-lead-zinc property in the Watson Lake district of northern BC. The Midway project currently has mineable reserves of 1,377,000 tonnes grading 317 grams silver/tonne (9.3 oz/ton), 5.8% lead, and 8.3% zinc with significant potential for expansion. In addition to the Midway project, Regional also has cash and cash equivalents over \$4,700,000.

Concurrent with the offer Imperial has agreed to purchase the remaining 17.85% interest in the Midway project directly from AEC West Ltd. for \$400,000 cash.

M'Banga, Niger: Drill assay results from the 1,500 metres (15 hole) diamond drill program recently completed on the M'Banga gold concession in Niger, West Africa, has confirmed the presence of a gold zone with a strike length of 500 metres and a depth of 87 metres. Hole 96-18 cut 65 metres of 1.64 grams gold/tonne. Included in this intersection was 23 metres grading 4.28 grams gold/tonne. Hole 96-19, drilled 300 metres north-east of 96-18, cut 73.5 metres grading 0.77 grams gold/tonne. Included in this intersection was 10.5 metres grading 3.58 grams gold/tonne. Hole 96-20, drilled 500 metres northeast of 96-18 cut 72.5 metres grading 0.54 grams gold. Included in this intersection was 27.5 metres grading 1.12 grams gold/tonne. The zone, named KMS 1 zone, has a potential strike length of several km based on geophysical and geochemical work carried out in the KMS West and KMS East geochemical grids.

IMPERIAL METALS CORP.

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

SIX MONTHS ENDED JUNE 30, 1996	1996	1995
REVENUES	\$4,577,000	\$13,361,000
NET INCOME	6,431,000	209,000
NET INCOME PER SHARE	11¢	0¢
CASH FLOW	560,000	2,463,000
CASH FLOW PER SHARE	1¢	4¢
THREE MONTHS ENDED JUNE 30, 1996	1996	1995
NET INCOME (LOSS)	\$1,009,000	(\$666,000)
EARNINGS (LOSS)/SHARE	2¢	(1¢)

SIX-MONTH REPORT - Pierre Lebel, president, Imperial metals Corp., reports financial results for the six months ended 30Jun96. Operating income increased to \$66,000

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