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# George Cross News Letter

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NO. 155 (1996)  
AUGUST 12, 1996

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## IMPERIAL METALS CORPORATION

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

CONSTRUCTION UPDATE ON THE 18,000 T - On May 29, 1996,  
PER DAY COPPER/GOLD CONCENTRATOR just 63 days ago,  
FIRST PRODUCTION FORECAST OCT. 1997 contractors arrived

on site of the  
Cariboo Bell/Mt Polley, gold/copper mine, at 3,640 feet elevation,  
56 km northeast of William Lake, central B.C. The objective "Build  
an 18,000 tonne per day capacity mine and concentrator at a capital  
cost of \$123,500,000 with first production forecast in 15 months  
(from Aug. 1, 1996) in October 1997." Imperial Metals is operator  
and holds a 55% interest with Sumitomo Corp. holding 45%. The  
mine is subject to no royalties, net proceeds or other underlying  
interests.

To Aug. 1, 1996: contracts of \$45,000,000 have been let;  
5,048 cubic yards of concrete of the total 12,000 cu.yds. for the  
project had been poured; 74 tons of the structural steel for the  
buildings has been put in place, and 58% of the 987 tons required for  
the construction of the buildings has been fabricated. The tailings  
dam contractor has started clearing and dam construction with  
completion scheduled by Oct.31/96. The site crew have grown to  
150 (up from 65 one month ago) including 15 Mt.Polley/Imperial  
Metals staff under project team leader, Henry G. Ewanchuk, and Brian  
Kynoch, senior vice president, chief operating officer.

It is exciting to see this major new mine under construction  
when you realize just a year ago the area was virtually an undisturbed  
remote forest with only a few rough trails to an overgrown drill site,  
trenches, plus an old office trailer/drill shack and racks of drill core.  
This activity also reminds you it is often a long time from a prospect  
to production. The first serious exploration of Cariboo Bell was in  
1964 when a famous Canadian mine finder Carl Springer raised funds  
and started an exploration program which stretched over 32 years to  
the production decision, funding and the start of construction.

An encouraging sign is the recent second ore blast in the  
Cariboo/Starter/Central pit which was well above ore average grade.  
The feasibility study indicates the mill head value per tonne in this  
pit at \$5.17. The second blast averaged \$8.05 per tonne and was  
slightly below the estimated average copper oxide content of 25%  
for the deposit.

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## IMPERIAL METALS CORPORATION

CONTINUED FROM PAGE ONE - Activity at the mill and mine  
includes: concrete pouring  
steel fabrication, building erection; road construction; mill yard  
completion, stripping of ore stockpile area (which will have a  
capacity of 1,300,000 tonnes); waste dump clearing; and stripping  
of tailings/water reclamation ponds, delivery of pipeline and milling  
machinery. Steel erection for the crusher building is well underway.  
The main buildings will be closed in by the end of October and  
interior work will proceed through winter. The main building is a  
unique design to hold all operating and management facilities. The  
building is huge, 400 feet long (more than a football field long) by  
209 feet wide and four stories, 40 feet high, partly to facilitate the  
50-ton capacity overhead crane and second stage column flotation  
cells 37 feet high and 12 feet in diameter. The building will contain:  
the mine machinery garage and repair shop for trucks, shovels,  
loaders, bulldozers, etc.; all the grinding, flotation, filter, etc;  
machinery and concentrate stockpile and shipping facilities;  
warehouse; assay lab; engineering and administration offices. Why  
one building? Lower cost than a number of smaller buildings,  
improved maintenance efficiency, less personnel travel time, much  
improved communications between departments. Heat. The heat  
generated by the 34,000 horsepower electric motors will be used to  
heat the building and machine shop. Surplus heat is to be conveyed  
through a nine-foot diameter tunnel of buried culverts to warm the  
primary crusher and coarse ore stockpile. This tunnel will also  
house, power, water and air lines from the main building to the  
crusher building. The project will create 200 jobs during  
construction and 170 during mine operations.

Mineable ore reserves, in four pits, are 82,300,000 tonnes  
0.417 grams gold/tonne, (or 0.012 oz.gold/ton) 0.3% copper which  
is 25% oxide, containing 1,100,000 ounces gold and 544,000,000  
pounds of copper, sufficient for about 12 years of mine life and  
available to a 1.16- waste to one-ore strip ratio. Mount Polley is  
expected to produce 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 life of mine. Reserves are open for  
expansion within the projected pit limits and elsewhere on the  
property.

PROJECT FUNDING - Of the Cdn. \$123,500,000 capital cost,  
Imperial Metals is to provide an additional  
equity of \$14,000,000 of which \$8,000,000 has been spent with the  
balance to come from the working capital at Dec. 31, 1995, of  
\$16,500,000. Sumitomo will earn a 45% joint venture interest by  
funding Cdn. \$109,500,000 of which \$54,000,000 will be a project  
debt repayable from production, with \$55,500,000 an equity  
contribution. 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. 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. During the year ended Dec. 31, 1995, Imperial Metals  
invested \$7,700,000 in the Mount Polley copper/gold project. (SEE  
GCNL NO.124, 26Jun96, P.1 FOR PREVIOUS MOUNT POLLEY  
PROJECT INFORMATION)