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George Cross News Letter

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NO. 20 (1997)
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IMPERIAL METALS CORPORATION

[IPM-T] 57,047,093 SHS. (Approx. 67,000,000 SHS.fully diluted)
FIRST PRODUCTION FORECAST HAS BEEN MOVED FIVE MONTHS SOONER FROM OCT. 1997 TO END OF MAY 1997
CONSTRUCTION UPDATE ON THE 18,000 TONNE PER DAY COPPER/GOLD CONCENTRATOR NEAR WILLIAMS LAKE, BC

During a Jan. 23, 1997, property tour the news was that the crushing plant that includes: one 42 inch by 65 inch gyratory crusher, one 8 foot standard and three 8 foot short head cone crushers; is piped and wired toward first tests mid-March. Construction has advanced so well, despite heavy summer rains and recent 40° below temperatures, that management is now forecasting the start of tune-up, commissioning of the plant by end of May, 1997. This is a shortening of the construction period by five months and still on budget. Construction overhead runs about $300,000 per month for a $1,500,000 saving in the five months. "Right now it looks like we will be running ore through the plant in start-up just 12 months after the construction start date." Under project team leader, Henry G. Ewanchuk, and Brian Kynoch, senior vice president, chief operating officer for Imperial Metals, the good relations and cooperation between the various contractors have made the progress possible. The management has built at least four plants and the contractors and crews have worked on many mines in Canada. They can solve the problems on the floor in the plant, then work the drawing up later to reflect the changes. This approach makes for some interesting discussions but it certainly seems to save time and money.

93A 8

p. 1 of 2

Construction started May 29, 1996, just 239 days ago, contractors arrived on site of the Cariboo Bell/Mt. Polley, gold/copper mine, at 3,640 feet elevation, 56 km northeast of Williams Lake, central B.C. The objective "Build an 18,000 tonne per day capacity, (6,500,0000 tonne/year) mine and concentrator at a capital cost of Cdn. $123,500,000 with first production forecast in 17 months from June 1, 1996 to October 1997." Imperial Metals is operator and holds a 55% interest with Sumitomo Corp., of Japan, holding 45%. The mine is subject to no royalties, net proceeds or other underlying interests.

The current 130 man construction crew work one 10 hour shift per day seven days a week; 21 days on and seven days off. Over 90% of the machinery is on site with about 60% installed, 50% of the conveyor equipment is on site. Five of the eight mills, slurry pumps and sump pumps are in place being levelled, piped and wired. Compressors are installed and ready for testing. The flotation tanks are in place being piped. The truck shop is in use as is the warehouse. The transmission line is energized and the transformer station all but complete and utility supplied power will replace diesel generated power by Jan.24, 1997. Construction of the tailings dam continues as weather conditions permit but is available now to accept tailings as required.

It is often a long time from a prospect to production. The first serious exploration of Cariboo Bell was in 1964 when famous Canadian mine finder Carl Springer raised funds on the VSE and started an exploration program which stretched over 32 years to the start of construction.

IMPERIAL METALS CORPORATION

CONTINUED FROM PAGE ONE - The best answer to the question "Where did the five months pick up come from?" was, "We prefabricated, assembled, tested everything we could off site. Electric control panels and piping. This saved not only time but significant expense." The mine offices were prefabricated off site and slid onto structural steel supports. Also in the fall of 1995, six weeks of clearing, pre-stripping, top soil removal, drainage ditches dug in the tailings pond area, permitted the start of foundation work in early June. Pre-engineered buildings were used for the crusher and the mill buildings speeding delivery of the buildings. After a production decision had pretty well been made there was a full year while final permitting and financing was completed. While these negotiations were underway "We had a full year of mine planning and construction engineering to get ready." There have been few late machinery delivery problems as used equipment was sourced earlier. While over 95% of the components are now on site, all must be in the mine yard by March 15, 1997 when the road weight restrictions are imposed. Good infrastructure also has been a factor. The site has good, air, rail and highway access. Needed parts get to Mount Polley in hours or one day compared with thee or more days to Yukon or NWT locations. The location also provided a supply of tradesmen. "We almost always had the carpenters and electricians as we needed them." A further important feature is the orebody outcrops requiring limited pre-stripping of overburden. In the fall of 1996, there were 300,000 tonnes of ore averaging 0.37 grams gold/tonne, 0.23% copper, 35% oxide, with an estimated after cost positive cash flow of Cdn $2.66/tonne, were mined and stockpiled plus 500,000 tonnes of waste rock was stripped. The feasibility study indicates the average mill head value in the Cariboo/Central pit at $5.17 per tonne after mining, milling and smelting costs.

Mineable ore reserves, in four pits, are 82,300,000 tonnes averaging 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 pit limits and elsewhere on the property.

All the buildings were closed in by Oct. 31, 1996, permitting interior work to 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, 60 feet high, partly to facilitate the 50-ton capacity overhead crane and column flotation cells that are 37 feet high and 12 feet in diameter. The mill building will contain: the truck shop and repair shop for trucks, shovels, loaders, bulldozers, etc.; all the grinding, flotation, filter, etc; 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 and 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. The project will create 200 jobs during construction and 170 during mine operations.

PROJECT FUNDING was detailed in GCNL No.155, P.1 and P.2, Aug. 12, 1996

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93A B
p. 2 of 2

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