

George Cross News Letter

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NO. 165 (1998)
AUGUST 27, 1998

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IMPERIAL METALS CORP.

[IPM-T] 78,845,581 SHS.

THREE MONTHS ENDED JUNE 30, 1998	1997
REVENUE \$30,075,000	\$308,000
OPERATING INCOME (LOSS) 2,362,000	(212,000)
NET INCOME (LOSS) 1,176,000	(307,000)
EARNINGS (LOSS) PER SHARE 2¢	(1¢)

SIX MONTHS ENDED JUNE 30, 1998	1997
REVENUE \$43,220,000	\$711,000
OPERATING INCOME (LOSS) 263,000	(418,000)
NET INCOME (LOSS) (1,193,000)	(1,913,000)
EARNINGS (LOSS) PER SHARE 8¢	(1¢)

FIRST HALF PROFIT POSTED - Pierre Lebel, president, Imperial Metals Corp., reports financial and production results for the three and six months ended 30Jun98.

The large increase in revenues and operating income was due to the inclusion of the Mount Polley Mine, located 60 km northeast of Williams Lake, BC, which began operations in August 1997, and the acquisition of the Huckleberry Mine, located about 123 km southwest of Houston BC, effective 1Mar98 through a merger with Princeton Mining Corp. Operating results improved as both mines increased mill throughput and the Mount Polley Mine milled ore containing higher gold grade ore than that milled in the first quarter. Foreign exchange losses, consisting of mostly unrealized losses on US dollar denominated debt, totalled \$1,500,000 in the second quarter.

Capital expenditures were \$2,100,000 in the June 1998 quarter versus \$11,000,000 in the 1997 quarter when Mount Polley was under construction. In May 1998, the company completed a private placement of 5,078,000 shares raising \$5,000,000. The proceeds of this financing were used in part to close the Princeton transaction. (SEE HUCKLEBERRY AND MOUNT POLLEY PRODUCTION STATISTICS OVERLEAF P.3)

In early July, 1998, Imperial rescinded its notice to suspend operations at Mount Polley following the adoption by all stakeholders of an economic plan for the Mount Polley Mine, sponsored by the Job Protection Commission of BC. Later that month, a similar plan was adopted for the Huckleberry Mine. The plans reduce operating costs through a mix of supplier discounts, tax and loan deferrals and temporary wage rollbacks and benefit reductions. Both plans will be in effect for two years, increasing the ability of the Mount Polley and Huckleberry mines to continue normal course operations and to service the debt during this current period of low metal prices.

Earlier this year, Imperial submitted an Environmental Assessment Application for the 100% owned Silvertip high grade silver/lead/zinc property located in northern BC, 80 km west of Watson Lake. Work during the second quarter was focused on mine planning and project certification. Several geotechnical holes were drilled into overburden and bedrock in the proposed waste impoundment area and data was gathered from previous holes to

establish the hydrological characteristics of the proposed open pit. A detailed sampling program was carried out on a grid over the surface expression of the open pit to determine the metal leaching characteristics of the waste rock.

A geophysical exploration program to investigate favourable geological environments trending away from the known resource is underway. The Silvertip property has a mineral resource of 2,570,000 tonnes grading 325 grams silver/tonne, 6.40% lead, 8.8% zinc and 0.63 grams gold/tonne. (SEE GCNL NO.145, 29Jul98, P.3 FOR HUCKLEBERRY MINE INFORMATION)

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Mount Polley

MOUNT POLLEY MINE

- * Open pit gold/copper mine
- * 55% owned and operated by Imperial
- * Located approximately 56 kilometres northeast of Williams Lake, B.C.

Production Statistics (representing 100% of mine production, 55% of which is allocable to Imperial)

	Second Quarter	Year to Date
	<u>1998</u>	<u>1998</u>
Ore Milled (tonnes)	1,505,810	2,696,108
Ore milled per calendar day (tonnes)	16,547	14,896
Ore milled per operating day (tonnes)	18,142	16,956
Copper content (%)	0.398	0.378
Copper recovery (%)	55.300	50.830
Gold content (g/t)	0.857	0.783
Gold recovery (%)	74.100	71.240
Concentrates produced (tonnes)	10,746	17,086
Concentrate grade (% Cu)	30.69	30.11
Concentrate grade (g/t Au)	88.68	88.09
Copper produced (lbs)	7,268,712	11,337,212
Gold produced (ounces)	30,638	48,390

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