IMPERIAL METALS
CORPORATION

1991 ANNUAL REPORT

CORPORATE INFORMATION

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Mining and Oil and Gas
Consultant, Calgary

Dr. Manfred M. Binder
Barrister & Solicitor
Frankfurt, West Germany

*G.A. James Devonshire
Chartered Accountant, Calgary

**Dr. K. Peter Geib
Chairman, Novis Investitions GmbH
Frankfurt, West Germany

*Pierre B. Lebel
**Imperial Metals Corporation
Vancouver

**Dr. Hugh C. Morris
Imperial Metals Corporation
Vancouver

Rolf Weitzel
Managing Director, Sedimex
Munich, West Germany

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**Member of the Executive Committee

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Chief Executive Officer

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Zarko T. Nikic
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Peter M. Cain
Vice President, Mining

Andre H. Deepwell
Controller

Brad H. Hamilton
Corporate Counsel

Catherine McCoach
Corporate Secretary

Investor Relations

Eric X. Lavarack
Director, Investor Relations

Shares Listed

Toronto Stock Exchange
Vancouver Stock Exchange

Head Office

VANCOUVER

8th Floor
601 West Hastings Street
Vancouver, B.C. V6B 5A6
Tel: (604) 669-8959
Fax: (604) 687-4030

Transfer Agent & Registrar

Central Guaranty Trust Company
Toronto and Vancouver

Legal Counsel

Bennett Jones
Calgary, Alberta

Lang Michener Lawrence & Shaw
Vancouver, B.C.

Campbell, Godfrey & Lewtas
Toronto, Ontario

Bankers

Bank of Montreal
Vancouver, B.C.

Auditors

Deloitte & Touche
Vancouver, B.C.

DIRECTOR'S REPORT

Imperial Metals Corporation is an established, international exploration and mining development enterprise that has demonstrated its ability to discover quality gold, base metal and uranium projects. During the past two years we have been mainly engaged in the development aspect as we addressed the many different tasks involved in bringing to production a series of selected mining projects.

The challenges encountered in 1990 have been substantial. Mining has always been a volatile industry characterized by large and sudden fluctuations in metal prices which invariably affect both fundamental profitability and investor sentiment. During the past year, there have been significant changes in mineral commodity prices and investors and industry participants have been overwhelmed by the impact of the current recessionary swing on the mining sector. This devastating effect is confirmed by the sharp decline in debt and equity financing of mining projects. It is, however, from the trough of such cycles that the most impressive gains are made. Although it was not a good year for mining and the company, Imperial successfully achieved a number of key objectives.

The Crow Butte Uranium In Situ Leach mine was completed on time and well under budget. Commercial production has now commenced in a market that can be best described as very poor, but the plant, upon reaching full production, will produce uranium oxide at prices equal to or below the current depressed spot prices. With world uranium production well below consumption, a strong recovery is expected by the mid-nineties. This will be further enhanced if the present trend of improved awareness of the relative advantages of nuclear energy continues.

A bankable feasibility study was produced for Mount Polley and the Imperial Group has increased its control position to 100%. All Phase I underground work was successfully completed at the Parys Mountain property of Anglesey Mining plc. A positive feasibility report was produced by Kilborn Engineers. Financing for the project was delayed by the recession and the Gulf War but is now progressing again as equity markets improve.

The economic down turn, the continuing high level of development, acquisition and exploration expenditures, and the changes in the accounting policies of the company's subsidiaries, Cathedral Gold Corporation and Colony Pacific Explorations, combined to end Imperial's string of profit-making years. The loss for fiscal 1991 was $4,478,000 ($0.21 per share). This was largely due to property writedowns. Significantly, the value of Imperial's mineral portfolio was reduced by only 10%, a reasonable level which reflects the traditional conservatism which has been used in the company's valuation of its mineral holdings. Significantly, operating income remains positive. Much attention has been given to emphasising productivity improvements, cost reductions and cash preservation. This has required reducing all non-essential capital, administrative and exploration expenditures. By year end, on-going administrative costs had been substantially reduced and our staff level had shrunk by 31%. This course will be maintained until the recovery in our industry is well underway. Despite the difficulties of the past 12 months, the company's position for the future has been enhanced. Attainment of production at Crow Butte, increase of our interest in Mount Polley and the prospect of rapid construction at Parys Mountain will provide a sound base for rewarding participation in the next upturn in the metals cycle now being predicted with increasing confidence.

The energy and diligence of a corporation's employees is a crucial factor. Our company's ability to maintain momentum and build for the future is a tribute to the dedication and energy of our people. Through their efforts and the support of our shareholders we remain confident that the next few years will see resumption of the company's growth path and profitability.

Hugh C. Morris

Dr. Hugh C. Morris
Chairman
Chief Executive Officer

Pierre B. Lebel
President
Chief Operating Officer

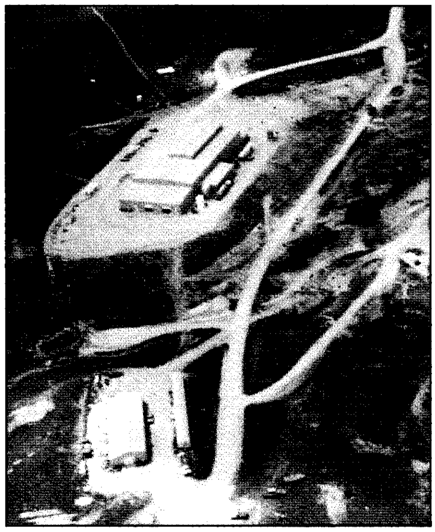
Crow Butte Mine

In April 1991, the Crow Butte in situ leach uranium mine, located near Crawford in northwest Nebraska, began commercial operation. This milestone reflects the culmination of 13 years of exploration, development and mine development activities spearheaded by Ferret Exploration Company of Nebraska, Inc. Through its wholly-owned U.S. subsidiary Geomex Minerals, Inc., Imperial holds a 17.6% beneficial interest in the project.

Construction at Crow Butte commenced in April 1990. Start-up procedures began in March 1991 on schedule and significantly under budget. Full scale continuous operation was initiated in April. The nature of in situ leach mining requires sequential and progressive escalation of each segment of the operation over a 2 to 3 month period. In July 1991 all portions of the mine were at or above their target levels.

The initial production level has been planned at 500,000 pounds of uranium for the first full year of operation. The plant is rated and permitted to a production capacity exceeding 1,000,000 pounds per year. Moreover, the in situ leach extraction technology utilized at Crow Butte is an extremely flexible process which allows for modular expansion at relatively low capital costs.

Twenty-seven million pounds of reserves have been delineated within the area fully permitted for commercial operations. On



the basis of currently known reserves, the project has a mine life well in excess of 20 years.

The process for extracting uranium from the ore-bearing Chadron sandstone is environmentally benign. It effectively reverses the process by which nature originally deposited the uranium. Water containing oxygenated sodium bicarbonate is circulated through the orebody to dissolve the uranium for subsequent above-ground extraction through ion exchange resins. Since the extraction process only involves the recirculation of water, the physical impact to the formation and surface is extremely limited when compared to traditional mining methods wherein the orebearing material itself must be brought to surface.

With a low capital investment and low overall production costs, the mine is very competitively positioned. Crow Butte has a production flexibility superior to that of conventional mining and output can be rapidly adjusted to take advantage of changing uranium market conditions. The mine has been characterized by major industry publications as one of the lowest-cost production centres in the world.

The uranium spot market has been depressed for the past five years. Excess inventories, held by utilities, have been largely reduced although some Eastern Block surplus has been added. The effect of low prices has caused significant contraction in production capability worldwide. Currently 70 million pounds of uranium are being produced against an annual demand of 120 million in the Western World. This net shortfall of 50 million pounds per year is expected to increase in the next few years, further depleting remaining inventories. This drawdown is predicted to lead to sharply improved market conditions in the mid 90's.

Imperial is aggressively marketing its share of Crow Butte production and positioning the Company for the sale of future production under the most advantageous conditions. Diversification of pricing, delivery and other terms as well as a spread of buyers, both individually and geographically, are the goals of this strategy designed to maximize profits and limit risks. As a result of this program the Crow Butte production is now considered by utilities throughout the world as a viable competitor to existing suppliers. It is also becoming more attractive as an alternative to the ongoing consolidation of supply sources in the hands of a few major producers.

MOUNT POLLEY

The Mount Polley property, near Williams Lake, B.C.,is Imperial's largest mining development project. The strategy for 1990 was to increase ownership and consolidate operatorship of the project while obtaining financing and completing all pre-construction activities. This has been successful with the acquisition of Corona's interest giving the IMC group 100% of the project interest. Our negotiations with the banks have demonstrated the sturdiness of the project which can comfortably carry a debt load of $95 million. The project is now at the final stage of permitting and Cabinet approval is expected shortly. The current recession with the attendant low gold prices, weakening copper prices, and banks and equity markets disenchanted towards projects sponsored by junior companies, has made progress slower than hoped and anticipated. Mount Polley remains an outstanding copper-gold resource, well positioned to benefit from the next upswing in base and precious metal prices. In order to maximize shareholder value with this asset, Imperial is now looking at attaining production at Mount Polley under the best possible conditions. Other options which the company is actively investigating include participation of a major mining company, outright sale of the project and financing through a new and distinct entity owning 100% of the project.

In July, 1990, Wright Engineers Ltd., a unit of Fluor Daniel Wright, submitted a positive feasibility study prepared to a technical level acceptable to financial institutions. Economic parameters support the financing and development of Mount Polley on the basis of Pit S-19 reserves containing 54 million tons of ore grading 0.38% copper and 0.016 oz/t gold and containing some 864,000 mineable ounces of gold and 410 million pounds of mineable copper. Pit S-19 is situated within a geological reserve of 254 million tons grading 0.26% copper and 0.01 oz/t gold. As such, it is potentially the initial phase of a long-lived mine which would evolve to a more mature and lower grade operation after payback, in the manner historically typical of many of the big open pit copper mines in B.C. Converting copper reserves to gold equivalent places Mount Polley in the category of world class deposits with some 5.5 million ounces of gold in geological reserves.

In January 1991, Imperial Metals Corporation and three affiliated limited partnerships purchased Corona's 38.41% interest in the Mount Polley copper-gold project for cash and Imperial stock worth $6,000,000 in total. The transaction increased Imperial's direct interest in the Mount Polley project to 54% (60.4% beneficial) leaving the three partnerships, Geomex Partnership Nos. 5, 9 and 12 with 5%, 20% and 16% interests respectively. Final payment was made June 30, 1991 and the transaction cost was $1,000,000 cash and 4,100,000 IMC shares, giving Corona 16.91% ownership of Imperial's issued common shares.

The 21,000 acre property also holds considerable potential reserves for new expansion outside of the immediate pit area. In 1988 and 1989, Imperial conducted extensive exploration work which included a re-appraisal and compilation of all exploration data acquired over the past 25 years. Four target areas have been identified. One of these, the Northwest Extension zone has been tested by a single hole which intersected 67 metres grading 0.33% copper and 0.01 oz/t gold, a most encouraging initial result.

MOUNT POLLEY GEOLOGICAL RESERVES

	PERCENT COPPER EQUIVALENT CUT-OFF GRADE					
	0.20	0.25	0.30	0.35	0.40	0.45
MILLION TONNES	293	231	174	131	100	77
COPPER %	0.230	0.256	0.286	0.317	0.346	0.375
GOLD g/t	0.300	0.338	0.383	0.431	0.481	0.530
MILLION TONS	323	254	192	144	110	85
GOLD oz/t	0.008	0.010	0.011	0.012	0.014	0.015
CONTAINED METALS						
COPPER TONNES	673,900	591,300	497,600	415,200	346,000	318,700
COPPER MILLION LBS.	1,485	1,303	1,096	915	762	636
GOLD oz	2,584,000	2,540,000	2,112,000	1,592,000	1,540,000	1,275,000

Anglesey Mining Plc

Steady progress was achieved at Anglesey's 100% owned Parys Mountain mining project in North Wales, U.K. By mid-1990 Anglesey Mining plc, 31.3% owned by Imperial Metals, had successfully completed Phase I of the underground development program and all the objectives were met or exceeded. The 15-foot diameter Morris production shaft has been sunk to a depth in excess of 1,000 feet.

A total of 3,000 feet of drifting, crosscutting and raising has been completed, with more than 800 feet driven into the two principal ore zones. 31,000 feet in 124 holes were drilled in an area close to the shaft, in the zones, further detailing the orebodies for mine planning. Approximately 3,000 tons of ore were mined and hoisted to surface. A comprehensive metallurgical testing program was conducted at Anglesey's on-site pilot ore processing plant where more than 220 tons of concentrate were produced and sold to the Pasminco Smelter at Avonmouth. As a result the Company now has all the data necessary to design the main concentrator.

In October 1990 Kilborn Engineering (B.C.) Limited submitted a final feasibility study and project review which included estimations of ore reserves by the Robertson Group plc. These studies support the establishment of a 1,000 ton per day operation which would become the first base metal mine opened in the U.K. for many years.

For the past six months Anglesey has been conducting negotiations with banks and other financial institutions for the provision of project finance to complete the development. This task has been made difficult by the deep recession in Britain, and by uncertainty and inertia arising from the Gulf conflict.

Anglesey Mining has received an offer from two European banks to finance the Parys Mountain project. This offer is contingent on normal mining finance conditions and on continued support and sponsorship by Imperial Metals Corporation.

Discussions are ongoing on the financial package. Once financing is in place, mine preparation and plant construction will take approximately 15 months. If this work can commence before year-end, commercial production would be attained in early 1993 at a time when many are predicting a sharp upturn in the mineral industry and metal prices.

Colony Pacific Explorations Ltd.

Colony Pacific Explorations, owned 20.8% by Imperial, has since 1978 pursued base metals development in the pyrite belt of central California, where its principal holding are the Blue Moon and Schell Ranch zinc-copper-silver-gold projects, both 100% owned.

Blue Moon

Colony, through its wholly owned subsidiary, Quail Hill Mining Corporation, granted LAC Minerals (USA), Inc. an option to acquire a 50% interest in Blue Moon. The option, exercisable by completion of a two-stage surface and underground exploration program requiring minimum spending of U.S. $11 million, was cancelled by LAC in early August. LAC spent in excess of U.S. $800,000 on the project, completing 10 drill holes together with deep geophysical surveys. Most importantly, a pilot hole was successfully completed verifying the choice of an appropriate location for the shaft. Colony expects to receive all the technical information from LAC's exploration program. This will be assessed to determine the thrust of future work. Colony has regained its 100% interest in the property. Exploration results, although disappointing in certain respects, will contribute to a better understanding of this attractive polymetallic deposit. Other mining companies have indicated interest in Blue Moon.

Cathedral Gold Corporation

The majority of the gold mining and exploration activities of the Imperial Metals Group are conducted in Cathedral Gold Corporation owned 37% by Imperial. Despite a year of depressed gold prices, operations at the Sterling Mine in Nevada prospered and there were significant developments on exploration.

Cathedral's strong operating performance at the Sterling Mine, where operating income more than tripled to $892,000, was offset by a major non-cash writedown within the Company's Canadian gold exploration portfolio. This resulted in a reported loss of $7,692,000 ($1.08 per share). The exploration property writedown, totalling $7,576,000 reflected the changed environment for junior gold companies. While the writedown expresses a judgment on the recoverable value of Cathedral's Canadian exploration properties today, these properties continue to have significant potential and will no doubt be subject to additional exploration development work in the future. The Sterling Mine turned in a record performance in the 1990 calendar year and posted a near record gold recovery in the first three months of 1991. Gold production is consistently around 1,000 ounces per month and present mining reserves will provide a further five years of operation. There is substantial scope to expand reserves by underground exploration when appropriate, as well as interesting surface prospects for new discoveries.

Bronson Creek

Further exploration at Cathedral's Bronson Creek property in the Iskut River area of Northwestern British Columbia was deferred in 1990 pending other developments in this camp.

Past programs at Bronson Creek outlined two northwest trending gold zones and a zinc-gold mineralized trend assaying up to 12% zinc and 0.1 oz/t gold.

The access road for the Iskut area, announced by the B.C. government in 1990 and planned for completion in 1992 will greatly reduce exploration and development costs. The road is planned to pass within 4 km of the Bronson Creek property and will both expedite further work and increase the value of the holdings.

Takla Rainbow

In 1990 Cathedral optioned the Takla Rainbow property through Eastfield Resources who can earn a 50% interest through expenditures totalling $3 million over a four year period. Eastfield completed a $450,000 exploration program, focusing on the copper-gold potential of the property. Drill intersections included 83 feet grading 0.38% copper and 28 feet grading 0.59% copper. Previous exploration at Takla by Cathedral outlined a geological reserve in the gold zone of 321,000 tons grading 0.25 oz/t gold.

Eastfield is planning a $450,000 program at Takla in 1991.

Porcher Island

Cathedral holds a 100% interest in the Porcher Island project located 25 miles southwest of Prince Rupert, British Columbia. Drill indicated and inferred reserves in the AT Zone are 1,500,000 tons grading 0.20 oz/t gold.

Ato Project

Cathedral's 100% owned Ato project is located near Germansen Landing, B.C. The Ato claims are adjacent to Kennecott's Dorothy and Lorraine properties where work during the early 1970's outlined 10 million tons grading 0.57% copper. Limited and widely spaced drilling on the Ato property in the early 1970's encountered significant copper values including an 185 foot intersection grading 0.50% copper. The core was not assayed for gold at that time.

OIL AND GAS

Production of crude oil and natural gas liquids declined by 16% from 220 to 188 barrels per day reflecting the progressive depletion of the Company's oil properties. Natural gas production averaged 851,000 cubic feet per day compared to 915,000 cubic feet per day in 1990. No acquisitions were made by the company during the year. Revenues increased marginally to $1,656,000 from $1,621,000, mostly as a result of higher oil prices. Oil price averaged $25.12 per barrel for the year, compared to $20.68 in 1990, while natural gas was sold at an average of $1.60 per mcf compared to $1.59 per mcf in 1990. Oil production totalled 58,500 barrels. At year end, reserves stood at 639,500 barrels of oil and natural gas liquids totalled 49,200 barrels. Total gas reserves were depleted to 6,029,600 mcf.

Colony Pacific Explorations Ltd., Imperial's affiliate, participated in a farm-in on two parcels totalling eight sections in the Peerless Lake area, 230 miles north of Edmonton, Alberta. Out of five wells drilled, four were successful and oil production net to the company has now stabilized at 100 barrels per day generating revenues of $35,000 per month net of royalties. The drilling program has earned Colony interests in four separate land parcels totalling 7,500 acres where six additional offset well locations have been identified.

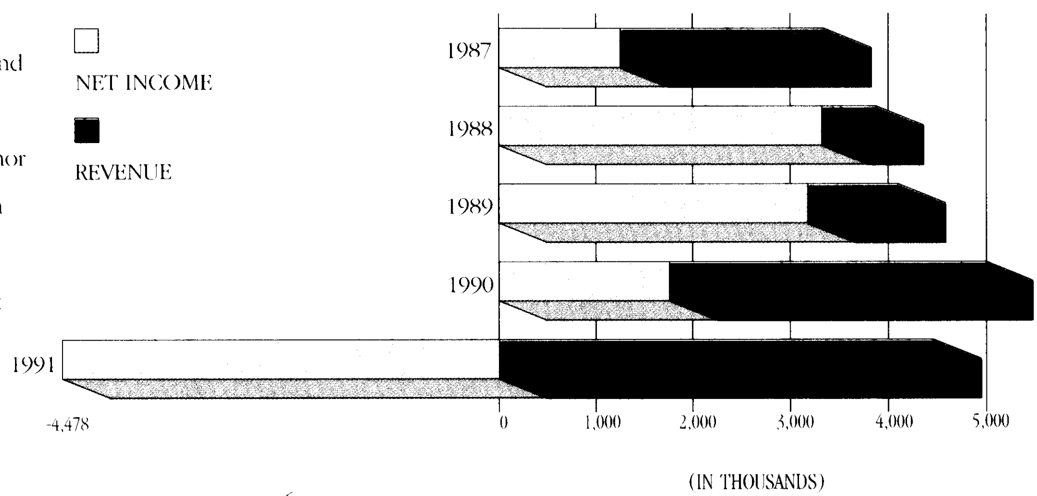
MANAGEMENT'S DISCUSSION AND ANALYSIS

General

Imperial's business comprises three activities - minerals, oil and gas and management services - conducted directly, or indirectly through affiliated companies. The most important segment is minerals and during the year Imperial and its affiliates focused on the planning and development of their advanced mineral projects. On July 1, 1991, Imperial's first major mineral project, Crow Butte, achieved commercial production. Oil and gas activity is generally limited to non-operated production with only minor participation in acquisition, exploration and development programs. Imperial provides a broad range of management and administrative, technical, metals marketing and investor relations services to its affiliates.

Results of Operations

Financial Results. Operating income declined from $510,000 in 1990 to $85,000 in 1991. Operating revenues fell from $4,983,000 to $4,470,000 in 1991 principally as a result of lower management fee revenues. Operating expenses declined marginally from $4,474,000 in 1990 to $4,385,000 in the current year. In 1991, Imperial incurred a net loss of $4,478,000 ($0.21 per share) compared to net income of $1,800,000 ($0.09 per share) in 1990. The 1991 loss was almost entirely attributable to writedowns of investments and properties.



Minerals. Imperial's 1991 minerals portfolio comprised exploration and development properties, and mineral revenue was restricted to the receipt of a uranium sales royalty of $76,000 compared to $77,000 in 1990. Following satisfaction of certain conditions, sales proceeds of $311,000 were received during the year in respect of the sale of a uranium property interest in 1987. A one-time net profits interest proceeds of $345,000 were received in 1990. A number of exploration and early stage development properties, principally gold and uranium, were written down in response to exploration results and low metal prices, resulting in charges of $1,120,000 and $724,000 in 1991 and 1990 respectively.

Oil and Gas. Revenues of $2,203,000 and $2,216,000 in 1991 and 1990 respectively were produced mostly from Imperial's Canadian properties and the revenue contributions were as follows:

	1991	1990
Oil	75	73
Gas	24	24
Other	1	3
	100 %	100 %

Oil production decreased from 215 to 181 barrels per day in 1991 and prices increased from Cdn$20.68 to Cdn$25.12 per barrel. Gas production was reasonably constant with volumes of 904 mcf per day in 1991 compared to 932 mcf per day in the previous year. Prices received were Cdn$1.60 compared to Cdn$1.59 in the previous year. Oil and gas unit production costs increased by about 10% reflecting the growing proportion of production from higher costs properties. The average cost per barrel of oil equivalent rose from $4.41 in 1990 to $4.97 in 1991. Depletion charges declined in line with the lower production volumes and the depletion rate per barrel of oil equivalent fell marginally from $4.06 to $3.96 in 1991. During the year, Imperial changed its accounting practices with respect to depletion and the 1990 financial results have been restated, as described in Note 1 to the Consolidated Financial Statements. In response to lower valuations, oil and gas properties were written down by $125,000 and $111,000 in 1991 and 1990 respectively.

Management Services. During the year, Imperial and its affiliates concentrated on the development of their key projects and, as a result, exploration activities declined. This narrowing of the business focus resulted in a decrease in administrative demands of the managed affiliates and fewer Imperial operated exploration programs. As a consequence, management services fees declined to $1,550,000 in 1991 from $2,095,000 in 1990. The fee mix was as follows:

	1991	1990
Management and administrative	72	65
Technical	14	30
Metals marketing	11	3
Investor relations	3	2
	100 %	100 %

Administration Costs. Administration charges, including depreciation and amortization, declined marginally from $2,989,000 in 1990 to $2,896,000 in 1991. There were, on average, 33 employees in 1991 compared to 35 employees in 1990. Employee salaries and benefits represented 51% of administration costs compared to 47% in 1990.

Administration costs were allocated to the business segments of the Company as follows:

	1991	1990
Minerals	16	16
Oil and Gas	7	7
Management Services	51	52
Corporate	26	25
	100 %	100 %

Operations of Affiliates. Imperial has significant interests in three publicly listed affiliated companies, Anglesey Mining plc, Cathedral Gold Corporation and Colony Pacific Explorations Ltd., and certain private partnerships. These investments are long term holdings and Imperial recorded its share of the earnings and losses of those affiliates, as follows:

	1991	1990
Cathedral Gold Corporation	(2,258,000)	(228,000)
Colony Pacific Explorations Ltd.	(43,000)	(162,000)
Other	17,000	91,000
	$(2,284,000)	$(299,000)

The 1991 loss in Cathedral Gold Corporation was attributable to substantial property writedowns made by Cathedral in calendar 1990 in response to prevailing low gold prices. No income or loss was recorded in respect of Anglesey Mining plc since Anglesey capitalized all net costs to the development of its Parys Mountain project. In addition to recording its share of the earnings and losses of affiliates, Imperial recorded losses or gains on dispositions of interests in the affiliates, both through dilution of interests and direct sales. In 1991 Imperial recorded a small dilution loss of $19,000 compared to a gain of $681,000 in 1990, the latter mainly attributable to an equity financing by Anglesey. In 1990 Imperial sold a 5% interest in Anglesey and recorded a gain of $1,996,000. In response to the poor stock market performance of Colony Pacific Explorations Ltd.'s shares, Imperial wrote down its book value of that investment to market, incurring a charge of $1,460,000 in 1991.

Interest Income and Charges. Interest income rose from $595,000 to $641,000 in 1991 reflecting higher average surplus cash balances and advances to affiliates. Interest on long term debt reflected the lower trend in the outstanding debt whereas other interest charges increased from $55,000 in 1990 to $135,000, reflecting higher average advances received from affiliates during 1991.

Income Taxes. An income tax recovery of $268,000 was recorded against a pre-tax loss of $4,746,000 in 1991 compared to an income tax charge of $572,000 against pre-tax income of $2,372,000 in 1990. The low income tax recovery in 1991 was attributable mainly to non-taxable writedowns of investments and equity losses. A loss carryback in 1991 resulted in a cash recovery of $482,000 in respect of income taxes paid in prior years. The Company has substantial unclaimed capital cost and resource pools, aggregating $12,788,000, which are expected to defer cash income taxes for the foreseeable future.

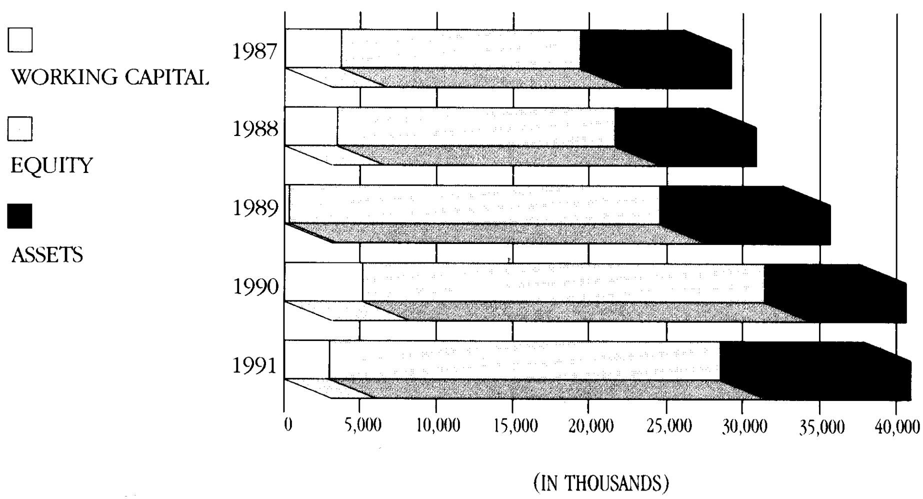
Liquidity and Capital Resources

Cashflow From Operations. The Company's principal sources of cashflow from operations in 1991 and 1990 were oil and gas production, management services and interest on surplus funds. Cashflow declined to $1,172,000 in 1991 from $1,755,000 in the prior year, principally because of lower management fees.

Mineral Expenditures. During 1991, Imperial and certain affiliates completed the acquisition of a 38.41% in the Mount Polley project from International Corona Corporation. Imperial acquired a 27.75% interest for a consideration of $4,336,000 and, in addition, incurred feasibility, planning, permitting and financing costs of $292,000. The Company incurred Mount Polley expenditures of $1,089,000 in 1990, principally on exploration and pre-development programs. Imperial's share of construction and development costs at the Crow Butte project amounted to $774,000, net of proceeds of a 1.2% interest sale, compared to $979,000 in 1990. The balance of mineral property expenditures were incurred mainly on early exploration programs and property maintenance.

Oil and Gas Expenditures. Expenditures on oil and gas properties during 1991 comprised the purchase of a small additional interest in the PJ Unit #3 property and minor expenditures on development wells. 1990 expenditures were incurred principally on participation in development wells. No exploration programs were undertaken in 1991 and 1990.

Investments and Advances. During the year, Imperial converted an $800,000 note receivable from Cathedral Gold Corporation to 695,692 shares in Cathedral. In fiscal 1990, pursuant to a private placement, Imperial subscribed for 553,703 shares in Colony Pacific Explorations Ltd. at a cost of $553,703. In addition, minor purchases



of Cathedral, Colony and Anglesey shares were made on the open market in 1990 and 1991. Imperial has provided Cathedral with a bridging facility to finance Cathedral pending the completion of other permanent funding arrangements. At March 31, 1991 the amount advanced was $663,000 compared to $277,000 at the previous year-end.

Working Capital. During the year, Imperial made short term advances to affiliates. At March 31, 1991 advances of $1,681,000 were made to Anglesey Mining plc to bridge the financing of its Parys Mountain project. Advances of $170,000 were made to Colony Pacific Explorations Ltd. to allow it to participate in a successful oil exploration and development program. Imperial made advances of $1,326,000 to Geomex Development Seventh Partnership to support Geomex's share of the funding of the construction of the Crow Butte in situ leach uranium mine. Imperial entered into an arrangement with an affiliate, Geomex Minerals Limited Partnership No. 9, for the provision of advances to Imperial to enhance Imperial's liquidity. Advances at March 31, 1991 were $665,000. At year-end an amount of $2,185,000 was owing by Imperial to International Corona Corporation representing the final payment on account of the acquisition of the Mount Polley interest. This amount was payable as to $922,000 cash and 1,279,210 Imperial shares with an attributed value of $1,263,000.

Accounts receivable and payable declined during the year, reflecting mainly the lower levels of exploration programs undertaken by Imperial on behalf of affiliates. During the year, Imperial acquired shares in a private U.S. corporation at a cost of $566,000. Imperial has the election to sell back the shares to the vendor at Imperial's cost. A temporary interest in a listed oil and gas company was sold in 1991 realizing proceeds of $932,000 and recording a gain of $79,000.

Debt and Equity Financing. During the year long-term debt declined from $478,000 to $406,000 at March 31, 1991. In addition to the long-term debt facility Imperial has arranged operating lines of $1.1 million and a short term loan facility of US$1.7 million. In February 1991, Imperial issued 1,597,769 shares with an attributed value of $2,151,000 to International Corona Corporation as the first payment on account of the acquisition of the Mount Polley interest. Subsequent to year-end 1,279,210 shares with an attributed value of $1,263,000 were issued on account of the final payment. During the year, 15,000 shares were issued in respect of stock options exercised for a value of $17,000, compared to 124,000 shares for $143,000 in 1990. In 1991, 161,200 shares with an attributed value of $165,000 were purchased and cancelled by the Company pursuant to its normal course issuer bid. In June 1989, pursuant to a fully subscribed rights issue, Imperial issued 4,277,157 shares at $1.15 per share, realizing net proceeds of $4,885,000.

At year-end Imperial's debt/equity capital structure was 1% debt and 99% equity compared to 2% debt and 98% equity in 1990.

Outlook

Imperial's business development and operating results are significantly influenced by commodity prices (oil, gas, uranium, copper, zinc and gold), exchange rates (US dollars and Sterling), and the cost and availability of development debt and equity financing.

Cash flows from operations are expected to continue at about 1991 levels over the short-term. Oil and gas production volumes are expected to decline about 8% per annum and prices are expected to remain at about current levels over the near future. The Crow Butte mine is forecast to be cash self-sustaining assuming sales at current spot uranium prices, and more favourable long-term sales contracts are being pursued. Management fees are forecast to be maintained at about 1991 levels subject to the development of the major projects and the implementation of exploration initiatives. Administrative costs will be reduced in 1992 in response to the narrower business focus of Imperial and its affiliates.

Imperial's share of the development and construction funds required for the Mount Polley and Parys Mountain projects is beyond its current resources and credit arrangements, and Imperial will continue to pursue debt and equity financing and participation specifically for those projects.

PRINCIPAL RESOURCE HOLDINGS

At August 1, 1991

Base and Precious Metals – Mineable Reserves

PROJECT	LOCATION	INTEREST GROUP %	INTEREST IMC %	RESERVES Tons	AU OZ/T	AG OZ/T	CU %	ZN %	PB %	OZ GOLD TO IMC
BLUE MOON	CALIFORNIA	24.58	20.45	2,699,000	0.061	2.85	1.06	8.87	0.53	34,000
MOUNT POLLEY	B.C.	100.00	60.40	54,000,000	0.016		0.38			522,000
PARYS MOUNTAIN	U.K.	43.03	30.96	5,284,000	0.013	2.02	1.49	6.04	3.03	21,000
STERLING MINE	NEVADA	62.00	20.22	274,000	0.185					10,000
TOTAL MINEABLE GOLD (OZ)										**587,000**
TOTAL MINEABLE COPPER (LBS)										**312,000,000**

Base and Precious Metals – Geological Reserves

PROJECT	LOCATION	INTEREST GROUP %	INTEREST IMC %	RESERVES Tons	AU OZ/T	AG OZ/T	CU %	ZN %	PB %	OZ GOLD TO IMC
MOUNT POLLEY	B.C.	100.00	60.40	254,000,000	0.010		0.256			1,534,000
PAREDONES AMARILLOS	MEXICO	49.00	23.10	3,100,000	0.070					50,000
PARYS MOUNTAIN	U.K.	40.03	30.96	6,990,000	0.017	2.02	1.46	5.94	2.99	37,000
STERLING MINE	NEVADA	62.00	20.22	498,000	0.205					21,000
PORCHER ISLAND	B.C.	100.00	36.96	1,500,000	0.0200					93,000
TAKLA RAINBOW	B.C.	50.00	18.48	321,000	0.250					15,000
BLUE MOON	CALIFORNIA	24.48	20.45	3,809,000	0.067	2.61	1.03	7.96	0.48	52,000
TOTAL GEOLOGICAL RESERVES GOLD (OZ)										**1,802,000**
TOTAL GEOLOGICAL RESERVES COPPER (LBS)										**857,000,000**
TOTAL GEOLOGICAL RESERVES ZINC (LBS)										**381,000,000**

Uranium – Mineable Reserves

PROJECT	LOCATION	INTEREST GROUP %	INTEREST IMC %	RESERVES (lbs)	LBS/TON U_3O_8	IMC U_3O_8 (lbs)
CROW BUTTE	NEBRASKA	65.50	18.70	27,000,000	5.2	5,000,000

Uranium – Geological Reserves

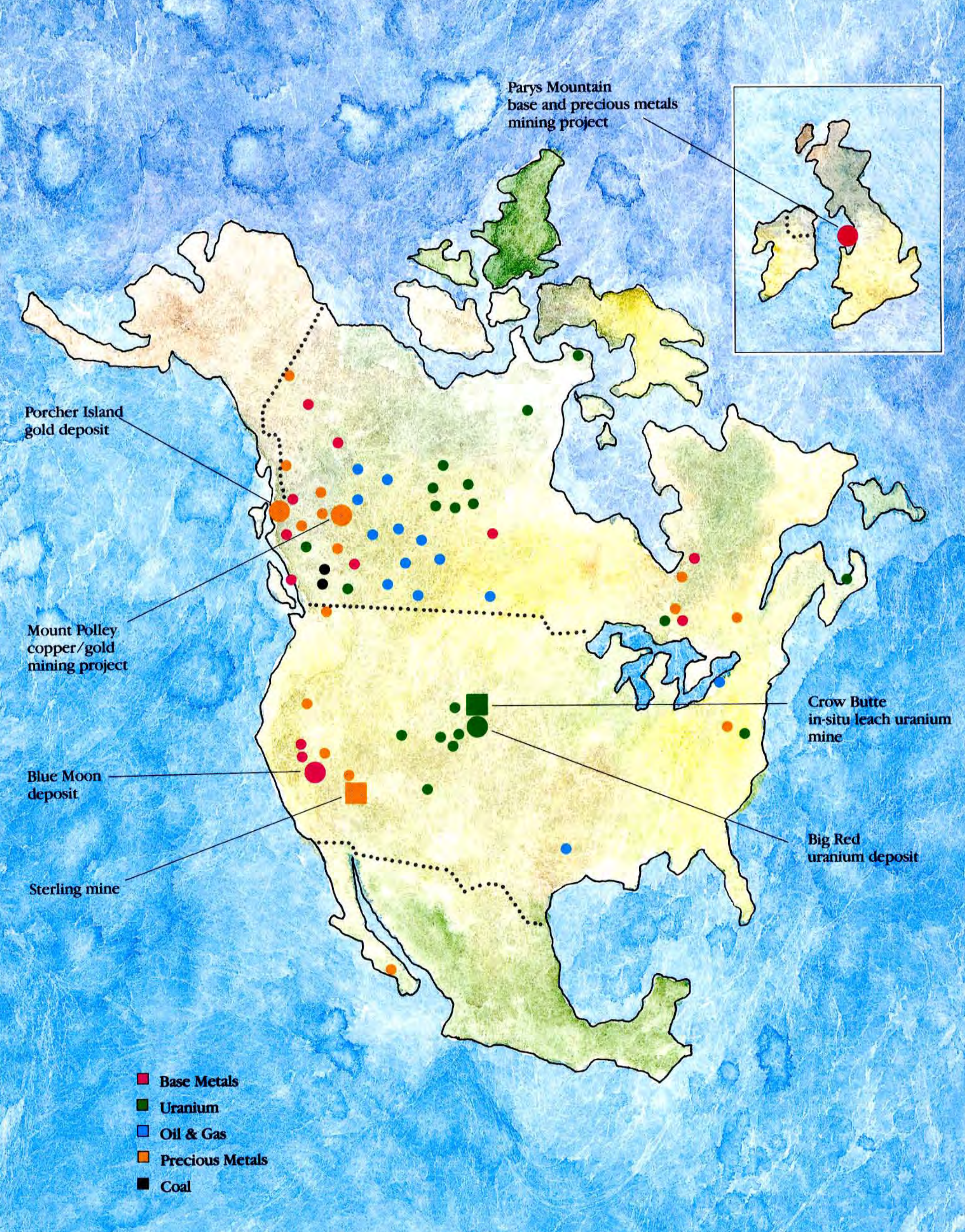
PROJECT	LOCATION	INTEREST GROUP %	INTEREST IMC %	RESERVES (lbs)	LBS/TON U_3O_8	IMC U_3O_8 (lbs)
BIG RED	NEBRASKA	86.00	21.04	19,000,000	4.0	4,000,000
CROW BUTTE	NEBRASKA	65.50	18.70	55,000,000	5.2	10,300,000
KEOTA	COLORADO	100.00	34.64	10,000,000	2.5	3,400,000
TOTAL GEOLOGICAL RESERVES U_3O_8 (LBS)						**17,700,000**

Oil

	OIL (BBL)	NAT GAS LIQUIDS (BBL)	GAS (MCF)	SULPHUR (TONS)
Proven, Developed, Producing	506,000	–	1,836,000	–
Proven, Developed, Non Producing	–	–	392,000	–
Proven, Undeveloped	–	49,200	2,818,000	8,000
Probable	133,000	–	983,000	–
TOTAL RESERVES	**639,000**	**49,000**	**6,029,000**	**8,000**

Coal

PROJECT	LOCATION	INTEREST IMC %	TONS
MERRITT	B.C.	100.00	5,600,000
TULAMEEN	B.C.	100.00	7,300,000
TOTAL MINEABLE COAL RESERVES (TONS)			**12,900,000**


Parys Mountain
base and precious metals
mining project
Porcher Island
gold deposit
Mount Polley
copper/gold
mining project
Crow Butte
in-situ leach uranium
mine
Blue Moon
deposit
Big Red
uranium deposit
Sterling mine
Base Metals
Uranium
Oil & Gas
Precious Metals
Coal

CONSOLIDATED BALANCE SHEETS

March 31, 1991 and 1990

	1991	1990
ASSETS		(Restated - Note 1)
Current Assets		
Cash	$ –	$ 3,112,575
Marketable securities [Market value $872,761 (1990 - $1,250,489)]	804,200	1,168,849
Accounts receivable	1,411,146	1,811,558
Prepaid expenses	62,997	76,318
Income taxes receivable	472,000	–
Advances and note receivable due within one year (Note 3)	3,176,747	462,598
	5,927,090	6,631,898
Advances and note Receivable (Note 3)	–	800,000
Investments (Note 4)	9,929,392	12,475,482
Oil and Gas Properties (Note 5)	5,092,891	5,417,609
Mineral Properties (Note 6)	16,609,455	11,885,089
Equipment and Leasehold Improvements (Note 7)	364,168	458,678
	$ 37,922,996	$ 37,668,756
LIABILITES		
Current Liabilities		
Bank indebtedness - secured	$ 264,480	$ –
Accounts payable and accrued charges	935,507	1,379,452
Advances payable (Note 8)	664,602	–
Agreement payable (Note 9)	921,677	–
Long term debt due within one year	115,552	99,675
	2,901,818	1,479,127
Agreement payable (Note 9)	1,262,919	–
Long Term Debt (Note 10)	405,962	477,854
Deferred Revenue	143,496	186,585
Deferred Income Taxes	4,727,000	4,513,000
	9,441,195	6,656,566
SHAREHOLDERS' EQUITY		
Share Capital (Note 11)	24,006,857	22,003,634
Retained Earnings	4,676,859	9,210,471
	28,683,716	31,214,105
Common Shares owned by Subsidiary, at Cost (Note 11)	(201,915)	(201,915)
	28,481,801	31,012,190
	$ 37,922,996	$ 37,668,756

Approved by the Board:

Hugh C. Morris

Dr. Hugh C. Morris
Director

P.B. Lebel

Pierre B. Lebel
Director

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended March 31, 1991 and 1990

		1991		1990
				(Restated - Note 1)
Retained Earnings, Beginning of Year				
As previously reported	$	9,815,290	$	8,042,330
Accounting change (Note 1)		(604,819)		(631,701)
As restated		9,210,471		7,410,629
Net (loss) income		(4,478,426)		1,799,842
Loss on purchase and cancellation of common shares		(55,186)		-
Retained Earnings, End of Year	$	4,676,859	$	9,210,471

AUDITOR'S REPORT

To the Shareholders of
Imperial Metals Corporation

We have audited the consolidated balance sheets of Imperial Metals Corporation as at March 31, 1991 and 1990 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 1991 and 1990 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Deloitte & Touche

Chartered Accountants
Vancouver, British Columbia
July 19, 1991

COSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 1991 and 1990

		1991		1990
				(Restated – Note 1)
REVENUE				
Oil and gas, net of royalties	$	2,203,446	$	2,216,311
Management fees		1,549,739		2,094,801
Mineral royalties		75,977		77,419
Interest		640,829		594,526
		4,469,991		4,983,057
EXPENSES				
Oil and gas production		717,869		708,827
General geological and geophysical		7,407		10,040
Depletion		573,045		653,946
Administration		2,741,403		2,824,961
Depreciation and amortization		155,002		163,957
Interest on long term debt		55,521		56,871
Other interest		134,825		54,924
		4,385,072		4,473,526
OPERATING INCOME		84,919		509,531
Add (Deduct)				
Equity loss from investments		(2,283,818)		(299,190)
(Loss) gain on dilution of investments		(19,102)		681,365
Gain on sale of investments		–		1,988,998
Writedown of investments		(1,462,709)		–
Oil and gas dry hole costs, writedowns and abandonments		(124,978)		(110,873)
Gain (loss) on sale of mineral properties		310,782		(5,880)
Mineral net profits interest proceeds		–		344,647
Writedown and abandonment of mineral properties		(1,120,155)		(724,035)
Writedown, net of gain on sale, of marketable securities		(59,142)		(7,042)
Other		(72,223)		(5,355)
		(4,831,345)		1,862,635
(Loss) Income Before Income Taxes		(4,746,426)		2,372,166
Recovery of (Income Taxes) (Note 12)		268,000		(572,324)
Net (Loss) Income	$	(4,478,426)	$	1,799,842
(Loss) Earnings Per Share (Note 13)		$(0.21)		$0.09

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 1991 and 1990

	1991	1990 (Restated – Note 1)
OPERATING ACTIVITIES		
Operations (Note 14)	$ 1,171,810	$ 1,755,237
Decrease in deferred revenue	(43,089)	(24,346)
Net change in non-cash operating balances (Note 15)	(137,563)	(640,868)
Cash provided by operating activities	991,158	1,090,023
FINANCING ACTIVITIES		
Increase in agreement payable	2,184,596	–
Increase in advances payable	664,602	–
Proceeds of long term debt	59,537	–
Repayment of long term debt	(115,552)	(99,677)
Issue of common shares for cash	17,250	5,002,698
Issue of common shares for acquisiton of mineral property	2,150,858	–
Purchase of common shares for cancellation	(220,071)	–
Cash provided by financing activities	4,741,220	4,903,021
CASH PROVIDED BY OPERATING AND FINANCING ACTIVITIES	5,732,378	5,993,044
INVESTMENT ACTIVITIES		
Increase in advances and note receivable	1,914,149	1,262,598
Purchase of investments and increase in advances	1,251,631	844,552
Proceeds on sale of investments	–	(2,742,303)
Acquisition and development of oil and gas properties	422,564	224,735
Proceeds on sale of oil and gas properties	(52,832)	–
Acquisition and development of mineral properties	5,844,521	2,755,257
Proceeds on sale of mineral properties	(310,782)	(61,697)
Purchase of equipment and leasehold improvements	63,373	222,975
Proceeds on sale of equipment	(23,191)	(36,422)
Cash used in investment activities	9,109,433	2,469,695
(DECREASE) INCREASE IN CASH	(3,377,055)	3,523,349
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	3,112,575	(410,774)
(BANK INDEBTEDNESS) CASH, END OF YEAR	$ (264,480)	$ 3,112,575

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, and reflect the following policies:

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries and partnerships, E & B Canada Resources Ltd., E & B Explorations Ltd., E & B Mines Ltd., Geomex Minerals, Inc., Geomex Development, Inc., Minexco Energy Ltd., Minexco Energy Limited Partnership No. 1 and Minexco Energy Limited Partnership No. 2, and the Company's proportionate share (Note 2) of the assets, liabilities, revenues and expenses of partnerships in which the Company is the general partner and has a material partnership share. These partnerships are as follows: Geomex Resources Limited Partnership, Geomex Minerals Limited Partnership, Geomex Minerals Limited Partnership No. 3, Geomex Resources Limited Partnership, Geomex Minerals Limited Partnership, Geomex Minerals Limited Partnership No. 3, Geomex Minerals Limited Partnership No. 4, Geomex Minerals Limited Partnership No. 5 and Geomex Minerals Limited Partnership No. 9.

Investments

Investments in partnerships in which the Company is the general partner and does not have a material partnership share and corporations in which the Company exercises significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted to recognize the Company's share of earnings or losses and reduced by dividends and distributions received.

Other investments are accounted for using the cost method.

Investments are written down when a permanent and significant decline in their value has occurred.

Marketable Securities

Marketable securities are carried at the lower of cost or market value.

Oil and Gas Properties

The Company follows the successful efforts method of accounting for its oil and gas properties. Under this method the initial acquisition costs and the costs of drilling and equipping development wells are capitalized. The costs of drilling exploratory wells are initially capitalized and, if subsequently determined to be unsuccessful, are charged to operations. All other exploration expenditures, including geological and geophysical costs and annual rentals on exploration acreage, are charged to operations as incurred. Lease acquisition costs, subsequently determined to be impaired in value, are charged to operations.

Depletion of the net capitalized costs of producing wells and leases is charged to operations on the unit-of-production method based upon estimated proven reserves.

Mineral Properties

The Company follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development are capitalized by property.

On the commencement of commercial production, net costs are charged to operations on the unit-of-production method by property based upon estimated recoverable reserves.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the properties, and on future profitable production or proceeds from the dispositon thereof.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at cost less accumulated depreciation and amortization. They are depreciated over their estimated useful lives as follows:

Computer equipment and software	- 25% straight line	Leasehold improvements	- straight line over term of lease
Equipment	- 30% declining balance	Vehicles	- 30% declining balance
Furniture and fixtures	- 20% declining balance		

Deferred Revenue

Payments received attributable to gas contracted for but not delivered are recorded as deferred revenue until delivery is made.

Translation of Foreign Currencies

Amounts denominated in foreign currencies have been translated into Canadian dollars as follows:

Monetary assets and monetary liabilities at the rate of exchange prevailing at the balance sheet date.

Non-monetary assets, including depletion and depreciation, and non-monetary liabilities at the rate of exchange prevailing at the time of acquisition of the assets or assumption of the liabilities.

Revenue and expenses (other than depletion and depreciation) at rate approximating the rates of exchange prevailing on the date of the transaction.

Gains or losses on translation are included in income.

Joint Ventures

A significant portion of the Company's exploration and operating activities is conducted jointly with others and accordingly these financial statements reflect only the Company's proportionate interest in such activities.

1. ACCOUNTING CHANGE

During the year, the Company changed its accounting practice with respect to calculating depletion on its oil and gas properties from an aggregate basis to a property-to-property basis. This change has been applied retroactively in a decrease in retained earnings as at March 31, 1989 of $631,701, a decrease in oil and gas properties and deferred income taxes as at March 31, 1990 of $1,284,819 and $680,000 respectively, and an increase in net income for the year ended March 31, 1990 of $26,882. The effect of this change on the consolidated financial statements for 1991 is immaterial.

2. PARTNERSHIP INTERESTS

The Company's proportionate share of the Partnerships' revenue, expenses, assets and liabilities is as follows:

	1991	1990
Revenue	$ 616,250	$ 713,217
Expenses	443,124	611,990
Operating Income	173,126	101,227
Other (Expense) Income	(853,410)	69,609
(Loss) Income before Income Taxes	$ (680,284)	$ 170,836
Assets		
Current Assets	$ 854,118	$ 888,501
Advances Receivable	179,955	179,955
Investments	1,687,384	1,970,295
Oil and Gas Properties	1,026,520	1,138,092
Mineral Properties	5,135,568	4,908,740
	$ 8,883,545	$ 9,085,583
Liabilities		
Current Liabilities	$ 330,468	$ 152,505
Long Term Debt	74,945	124,110
Deferred Revenue	3,427	2,916
	$ 408,840	$ 279,531

The following related party transactions included in the above amounts have been eliminated in the Company's consolidated financial statements:

Interest income of $8,573 received by the Partnerships from the Company (1990 - interest expense of $10,117 paid by the Partnerships to the Company).
Charges by the Company for administration costs of $84,159 (1990 - $117,644).
Accounts and advances receivable of $524,149 (1990 - $246,203) from the Company.
Accounts and notes payable to the Company of $60,637 (1990 - $40,265).

3. ADVANCES AND NOTE RECEIVABLE

	1991	1990
Advances receivable from affiliates:		
Anglesey Mining plc, interest 1% above the U.K. base rate, due on demand	$ 1,681,000	$ –
Colony Pacific Explorations Ltd., secured, interest at prime, due on demand	169,549	–
Geomex Development Seventh Partnership, secured, interest at 1½% above prime, due on demand	1,326,198	–
Geomex Minerals Limited Partnership, secured, interest at 90 day treasury bill rate	–	249,574
Geomex Minerals Limited Partnership No. 5, secured, interest at 90 day treasury bill rate	–	13,024
Note receivable from Cathedral Gold Corporation, unsecured, interest at 1½% above prime, due in semi-annual instalments of $100,000	–	1,000,000
	3,176,747	1,262,598
Advances and note receivable due within one year	3,176,747	462,598
	$ –	$ 800,000

4. INVESTMENTS

	1991		1990	
Significant Influence	Ownership %		Ownership %	
Listed Corporate Securities				
Anglesey Mining plc - common shares [Market value $6,265,000 (1990 - $18,505,000)]	31.0	$ 5,417,091	31.3	$ 5,311,665
Anglesey Mining plc - warrants [Market value $Nil (1990 - $11,000)]	–	–	–	2,548
Cathedral Gold Corporation - common shares, [Market value $2,729,000 (1990 - $3,321,000)]	37.0	2,562,884	30.3	3,976,446
Advances, Secured, interest at 1% above prime		663,411		277,496
Colony Pacific Explorations Ltd. - common shares [Market value $1,161,000 (1990 - $1,069,000)]	20.8	1,161,478	22.2	2,767,743
[Market value $10,155,000 (1990 - $22,906,000)]		9,804,864		12,335,898
Partnerships and other		124,528		139,584
		$ 9,929,392		$ 12,475,482

5. OIL AND GAS PROPERTIES

	Canada		United States		Total	
	1991	1990	1991	1990	1991	1990 (Restated – Note 1)
Developed properties	$10,405,338	$10,064,431	$374,723	$374,476	$10,780,061	$10,438,907
Less accumulated depletion and writedowns	5,994,580	5,324,817	247,800	245,740	6,242,380	5,570,557
	4,410,758	4,739,614	126,923	128,736	4,537,681	4,868,350
Undeveloped properties	555,210	549,259	–	–	555,210	549,259
	$ 4,965,968	$ 5,288,873	$126,923	$128,736	$ 5,092,891	$ 5,417,609

6. MINERAL PROPERTIES

	1991	1990
Production Property Under Development		
Acquisition, deferred exploration and development costs	$ 4,350,975	$ 4,922,735
Fixed assets and construction in progress	1,437,158	91,534
	5,788,133	5,014,269
Preproduction Properties		
Acquisition, deferred exploration and development costs	7,593,189	3,191,148
Exploration Properties		
Acquisition and deferred exploration costs	3,228,133	3,679,672
	$ 16,609,455	$ 11,885,089

7. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	1991			1990
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Computer equipment and software	$ 347,252	$ 151,984	$ 195,268	$ 219,563
Equipment	230,758	185,694	45,064	61,185
Furniture and fixtures	188,392	161,190	27,202	65,580
Leasehold improvements	60,907	28,743	32,164	37,369
Vehicles	163,025	98,555	64,470	74,981
	$ 990,334	$ 626,166	$ 364,168	$ 458,678

8. ADVANCES PAYABLE

	1991	1990
Advances payable to Geomex Mineral Limited Partnership No. 9, unsecured, interest at 90 day treasury bill rate	$ 664,602	$ –

9. AGREEMENT PAYABLE

	1991	1990
Agreement payable for the purchase of a mineral property, non-interest bearing and due not later than June 30, 1991, with a minimum cash payment of $1,877,343 and the balance in 204,835 shares of the Company. Subsequent to year end, the Company revised the payment terms to $921,677 in cash and 1,279,210 in shares of the Company.	$ 2,184,596	$ –
Less portion to be financed by issue of shares	1,262,919	–
	$ 921,677	$ –

10. LONG TERM DEBT

		1991		1990
Term loan payable in monthly instalments of $8,306 plus interest at 1% above bank prime lending rate, secured by a floating charge over the Company's assets	$	317,770	$	373,785
Note payable, interest free and unsecured, payable from distributions from a partnership		203,744		203,744
		521,514		577,529
Long term debt due within one year		115,552		99,675
	$	405,962	$	477,854

Annual repayments of long term debt over the next three years are as follows: 1992 - $115,552; 1993 - $115,552; 1994 - $ 86,666

The timing of the repayment of the note payable of $203,744 is indeterminable under the terms of the agreement.

11. SHARE CAPITAL

Authorized

1,000,000	Class A non-voting 6% cumulative preferred shares with a par value of $5 each.
1,000,000	Class B non-voting cumulative preferred shares with a par value of $10 each, convertible and redeemable at par.
100,000,000	Common shares with no par value.

Issued and Fully Paid	1991		1990	
	Number of Shares	Issue Price or Attributed Value	Number of Shares	Issue Price or Attributed Value
Common shares				
Balance, beginning of year	21,513,895	$22,003,634	17,112,738	$16,975,936
Issued during year				
For acquisition of mineral property	1,597,769	2,150,858	–	–
On exercise of rights	–	–	4,277,157	4,885,098
On exercise of stock options	15,000	17,250	124,000	142,600
Purchased and cancelled	(161,200)	(164,885)	–	–
Balance, end of year	22,965,464	$24,006,857	21,513,895	$22,003,634

At March 31, 1991 a subsidiary of the Company owned 161,532 (1990 - 161,532) common shares.

Options were outstanding at March 31, 1991 to directors, officers and employees for the purchase of 638,000 shares exercisable at $1.15 per share, expiring on September 22, 1992 and 595,000 shares exercisable at $1.50 per share, expiring on October 18, 1994.

Subsequent to year end, the Company issued 1,279,210 common shares pursuant to the acquisition of a mineral property interest (Note 9).

12. INCOME TAXES

The effective income tax rate differs from the Canadian federal and provincial statutory rates for the following reasons:

	1991		1990	
	Amount	%	Amount	%
(Loss) income before income taxes	$(4,746,426)	100.0	$2,372,166	100.0
(Recovery of) provision for income taxes thereon at the basic statutory rates	(2,031,470)	(42.8)	1,015,000	42.8
(Decrease) increase resulting from:				
Non-taxable portion of capital gains and gains on dilution	2,000	0.0	(333,000)	(14.0)
Non-taxable writedown of investments and marketable securities	619,000	13.0	–	–
Drawdown of deferred income taxes and losses recovered at rates in excess of the current year's tax rates	(72,000)	(1.5)	(80,000)	(3.3)
Net non-allowable crown royalty payments	77,000	1.6	76,000	3.2
Resource allowance and earned depletion	(159,000)	(3.3)	(145,000)	(6.1)
Non-taxable equity loss	957,000	20.2	131,000	5.5
Non-allowable losses, writedowns and expenses	224,000	4.7	39,000	1.6
Realization of loss carryforwards	32,000	0.7	(72,000)	(3.0)
Large corporations tax	15,000	0.3	10,000	0.4
Other	68,470	1.4	(68,676)	(3.0)
(Recovery of) income taxes	$ (268,000)	(5.7)	$ 572,324	24.1

(Recovery of) income taxes comprise the following:

	1991	1990
(Recovery of) current income taxes	$ (482,000)	$ 9,324
Deferred income taxes	214,000	563,000
(Recovery of) income taxes	$ (268,000)	$ 572,324

At March 31, 1991 the Company had unclaimed Capital Cost Allowances and unclaimed Canadian Exploration, Canadian Development, Canadian Oil and Gas Property and Foreign Exploration and Development Expenditures aggregating $12,788,000 (1990 - $9,076,000) which can be applied, subject to certain restrictions, against future taxable income.

At March 31, 1991 the Company's U.S. subsidiaries had U.S. $763,000 (1990 - U.S. $537,000) in capital properties deductible, subject to certain restrictions, against future taxable income.

13. (LOSS) EARNINGS PER SHARE

The (loss) earnings per share is calculated on the basis of the weighted average number of common shares outstanding during the year of 21,661,401 (1990 - 20,460,026).

14. CASH PROVIDED FROM OPERATIONS

	1991	1990
Net (loss) income	$ (4,478,426)	$ 1,799,842
Items not affecting cash flows		
Depletion, depreciation and amortization	728,047	817,903
Equity loss from investments	2,283,818	299,190
Loss (gain) on dilution of investments	19,102	(681,365)
Limited partnership distributions	32,092	109,091
Gain on sale of investments	–	(1,988,998)
Writedown of investments	1,462,709	–
Gain on sale of oil and gas properties	(3,573)	–
(Gain) loss on sale of mineral properties	(310,782)	5,880
Writedowns and abandonments of properties	1,245,133	834,908
Gain on sale of equipment	(20,310)	(4,214)
Deferred income taxes	214,000	563,000
	$ 1,171,810	$ 1,755,237

15. NET CHANGE IN NON-CASH OPERATING BALANCES

The net (increase) decrease in non-cash operating balances consists of the following:

	1991	1990
Marketable securities	$ 364,649	$ 73,423
Accounts receivable	400,412	(197,440)
Prepaid expenses	13,321	38,683
Income taxes receivable	(472,000)	–
Accounts payable and accrued charges	(443,945)	(555,534)
	$ (137,563)	$ (640,868)

16. COMMITMENTS

(a) The Company is committed under the terms of leases for premises to rental payments, excluding property taxes and operating costs, of:

1992	$ 281,200
1993	$ 261,700
1994	$ 261,700
1995	$ 266,100
1996	$ 246,900
	$ 1,317,600

(b) At March 31, 1991 the Company had commitments over the next five years totalling $630,000 for mineral property lease rental, option and exploration and assessment work.

17. RELATED PARTY TRANSACTIONS

Related party transactions with affiliated companies and partnerships not disclosed elsewhere in these consolidated financial statements are as follows:

	1991	1990
Accounts receivable	$ 449,190	$ 432,286
Accounts payable	$ 119,379	$ 122,628
Long term debt	$ 203,744	$ 203,744
Management fees	$ 1,520,130	$ 1,975,549
Interest income	$ 431,789	$ 196,433
Interest expense	$ 98,562	$ 1,072
Other income	$ 40,831	$ 41,606
Mineral net profits interest proceeds	$ –	$ 344,647

18. SUBSEQUENT EVENT

Subsequent to year end, the Company sold an interest in a mineral property realizing proceeds of $671,000, a pre-tax gain on sale of $651,000 and additionally a bad debt recovery of $174,000.

19. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform with the presentation adopted during the current year.

20. SEGMENTED INFORMATION

The Company is involved in mineral and oil and gas exploration, development and production, and investing in and providing management services to companies and partnerships involved in similar activities. The major operations and interests outside North America are in the United Kingdom and Mexico.

	Oil and Gas		Minerals		Management Services		Corporate		Consolidated	
	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
Revenue	$2,203,446	$2,216,311	$ 75,977	$ 77,419	$1,549,739	$2,094,801	$ 640,829	$ 594,526	$ 4,469,991	$ 4,983,057
Canada	2,198,559	2,213,746	75,977	77,419	859,184	1,488,058	525,430	557,996	3,659,150	4,337,219
United States	4,887	2,565	–	–	566,955	483,435	59,616	36,530	631,458	522,530
Other	–	–	–	–	123,600	123,308	55,783	–	179,383	123,308
Expenses	923,911	926,077	442,146	446,051	1,395,998	1,473,505	894,970	809,990	3,657,025	3,655,623
Depletion, Depreciation and Amortization	584,825	666,407	19,840	20,986	85,407	90,341	37,975	40,169	728,047	817,903
Operating Income (Loss)	694,710	623,827	(386,009)	(389,618)	68,334	530,955	(292,116)	(255,633)	84,919	509,531
Canada	695,410	625,588	(206,103)	(210,971)	37,885	377,168	(273,325)	(249,437)	253,867	542,348
United States	(700)	(1,761)	(156,896)	(156,505)	24,999	122,533	(17,235)	(6,196)	(149,832)	(41,929)
Other	–	–	(23,010)	(22,142)	5,450	31,254	(1,556)	–	(19,116)	9,112
Add (Deduct)										
Equity loss from investments	–	–	–	–	–	–	(2,283,818)	(299,190)	(2,283,818)	(299,190)
(Loss) gain on dilution of investments	–	–	–	–	–	–	(19,102)	681,365	(19,102)	681,365
Gain on sale of investments	–	–	–	–	–	–	–	1,988,998	–	1,988,998
Writedown of investments	–	–	–	–	–	–	(1,462,709)	–	(1,462,709)	–
Gain (loss) on sale of mineral properties	–	–	310,782	(5,880)	–	–	–	–	310,782	(5,880)
Property writedowns	(124,978)	(110,873)	(1,120,155)	(724,035)	–	–	–	–	(1,245,133)	(834,908)
Other	42,723	–	38,241	344,647	–	–	(212,329)	(12,397)	(131,365)	332,250
Income (loss) before income taxes	$ 612,455	$ 512,954	$(1,157,141)	$ (774,886)	$ 68,334	$ 530,995	$(4,270,074)	$ 2,103,143	$(4,746,426)	$ 2,372,166
Canada	587,497	514,715	(237,591)	(332,306)	37,885	377,168	(4,271,668)	(699,717)	(3,883,877)	(140,140)
United States	24,958	(1,761)	(577,793)	(420,438)	24,999	122,533	(80,869)	57,504	(608,705)	(242,162)
Other	–	–	(341,757)	(22,142)	5,450	31,254	82,463	2,745,356	(253,844)	2,754,468
Identifiable Assets	$5,550,471	$6,162,462	$16,897,928	$12,724,093	$ 200,656	$ 252,732	$15,273,941	$18,529,469	$37,922,996	$37,668,756
Canada	5,422,502	6,030,463	8,268,393	4,438,386	111,244	171,554	5,800,075	12,821,696	19,602,214	23,462,099
United States	127,969	131,999	7,587,151	6,998,292	73,400	63,992	2,346,941	385,906	10,135,461	7,580,189
Other	–	–	1,042,384	1,287,415	16,012	17,186	7,126,925	5,321,867	8,185,321	6,626,468
Capital Expenditures	$ 427,381	$ 241,681	$ 5,852,633	$ 2,783,798	$ 34,919	$ 122,859	$ 3,181,305	$ 2,161,779	$ 9,496,238	$ 5,310,117
Canada	427,123	241,491	4,809,171	1,201,580	19,359	83,397	149,974	2,157,549	5,405,627	3,684,017
United States	258	190	969,115	1,508,147	12,773	31,108	1,327,642	3,355	2,309,788	1,542,800
Other	–	–	74,347	74,071	2,787	8,354	1,703,689	875	1,780,823	83,300

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