

Goldstream
883546

→ Goldstream

1996 Imperial Metals
AR

Exploration Activities

Over the past twelve months, the Company waged an aggressive exploration campaign to advance its most promising projects toward feasibility stage. Encouraging results from 4,710 metres of diamond drilling on four silver-gold-copper projects in British Columbia and at the M'Banga gold property in Niger, West Africa provide the impetus for further work in 1997.

Total exploration expenditures within the Imperial Metals Corporation Group including Colony Pacific Explorations Ltd. and Cathedral Gold Corporation affiliates will exceed \$10 million in 1997. The primary focus of Imperial's exploration effort will be on the 100% owned Silvertip property. Exploration programs will also be carried out at the 100% owned Chaco Bear, Mitchell Bay and Invermay properties as well as at the 50% owned Beekeeper and 48% owned M'Banga properties.

Exploration in 1997 will focus on the 100% owned Silvertip property, where diamond drilling will be employed to expand reserves and test new targets. Exploration work will also continue on the Company's suite of high quality properties including Chaco Bear, Invermay (formerly Giant Copper), Beekeeper, Mitchell Bay and M'Banga.

Fifty three percent held (9 million shares) Colony Pacific Explorations Ltd. and forty percent held (5.5 million shares) Cathedral Gold Corporation will provide additional exploration exposure in other parts of the world. Colony Pacific is presently carrying out major exploration programs under a Strategic Alliance with Inco Limited on four properties located on the island of Sumatra in Indonesia. Cathedral plans to follow up on promising work carried out in Guyana, Honduras and Nevada.

Financial

Revenues in 1996 were \$6.1 million, derived mainly from the Goldstream mine which shut down in January 1996. Cash flow was \$617,000, operating income was \$505,000 and net income was \$6,627,000.

76,000 (Striking Mine)
804,000 (oil + oak)
516,000 (oil fees)
795,000 (interest)

6.1
- 2.8
\$3.3M

During the year \$31.5 million was invested in Mount Polley. A further \$4.7 million was invested in other initiatives with the result that year end cash and working capital were \$11.2 million and \$8.7 million, respectively as compared to 1995 year end levels of \$7.3 million cash and \$10.0 million working capital.

Imperial is committed to a mission of growth through acquisition, development and operation of mining properties. Once again we renew our commitment to you, our shareholders, that every initiative we pursue shall be driven by the single imperative, **the creation of shareholder value.**

Outlook

The Company looks forward to an extraordinary year of growth in 1997. The Mount Polley mine will be in production by July 1997 producing 100,000 ounces of gold during each of the first four years of operations. Copper production will average over 28 million pounds per year during the entire mine life. Mount Polley will provide Imperial with a strong and steady source of operating cash flow.

We take this opportunity to recognize our contractors, consultants and especially our employees for their efforts and achievements during the past year. Thank you for a job very well done.

N. Murray Edwards,
Chairman

Pierre Lebel,
President