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# George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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NO. 231 (1997)  
DECEMBER 2, 1997

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## IMPERIAL METALS CORPORATION

[IPM-T] 58,793,324 SHS.  
**THIRD QUARTER RESULTS** - Pierre Lebel, president, Imperial Metals Corp., reports third quarter results for the nine months ended 30Sept97.  
At the 55% owned Mount Polley Mine, located 56 km northeast of Williams Lake, BC, the first shipment of concentrates left port from Vancouver Wharves Oct.6/97 bound for the Sumitomo Metal Mining and the Nippon smelters in Japan. Almost 5,800 metric tonnes were shipped, containing 3,060,000 pounds of copper and 7,068 ounces of gold. Mill throughput in November to the 25th averaged 15,700 tonnes per calendar day or 88.2% of the plant's 17,808 tonne per day design throughput capacity. It is now only a matter of time before the mill is fully tuned and operating at design capacity on a consistent basis.  
Copper grades were higher than expected on less tonnage, with gold grades virtually the same as predicted. The most significant

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change is in the copper oxide ratio which is 25% less than predicted. This is positive for the project as copper recovery improves with lower oxide ratios. Current mining is in the north end of the Cariboo Pit, progressing toward the southern portion of the pit, where higher gold grades of about 0.5 grams/tonne will be reached in early 1998.

Recoveries of copper and gold from Mount Polley ores depend on the level of oxidation in the ore. Recovery of gold and especially copper increase as the level of oxidation decreases. The level of oxidation varies daily depending on the location of mining in the Cariboo Pit. Copper recovery for the period was 65.1% and gold recovery was 67.7%. These recoveries are close to the recoveries predicted based on the oxidation level of the ore treated, with copper recovery being 92.3% and gold being 84.5% of predicted. Recoveries are expected to reach feasibility study levels as more experience is gained treating these ores. In October, copper recovery was 67.5% and gold recovery was 69.6%, and these recoveries were 98% and 90% of the recoveries expected based on the level of oxidation. Production statistics For the period August 1 to September 30, 1997, representing 100% of mine production, 55% of which is Imperial's:

|                                       |           |
|---------------------------------------|-----------|
| ORE MILLED (TONNES)                   | 841,869   |
| ORE MILLED PER CALENDAR DAY (TONNES)  | 13,801    |
| ORE MILLED PER OPERATING DAY (TONNES) | 18,630    |
| COPPER CONTENT (%)                    | 0.255     |
| COPPER RECOVERY (%)                   | 65.1      |
| GOLD CONTENT (GR/T)                   | 0.365     |
| GOLD RECOVERY (%)                     | 67.7      |
| CONCENTRATES PRODUCED (TONNES)        | 4,890     |
| CONCENTRATE GRADE (% COPPER)          | 28.5      |
| CONCENTRATE GRADE (GR GOLD/T)         | 43.1      |
| COPPER PRODUCED (LBS)                 | 3,071,128 |
| GOLD PRODUCED (OZ)                    | 6,778     |

At the 100% owned Silvertip project 80 km west of Watson Lake, Yukon, about 8,000 metres of drilling together with geological mapping and seismic surveying were carried out. Exploration and underground development in the 1980's outlined a mineable resource of 1,400,000 tonnes grading 8% zinc, 5.8% lead and 317 grams silver/tonne. The 1997 program outlined two new zones of high grade massive sulphides known as the Silver Creek extension zone and the discovery north zone. Intersections assays were reported in GCNL NO.209, Oct.30/97, P.1 & No.205, Oct.24/97, P.1. Imperial has now started a new ore reserve calculation based on this and all prior exploration programs.

Imperial and 50/50 joint venture partner WILDROSE RESOURCES LTD. [WRS-V] have resumed drilling on the Beekeeper-Arab claims 22 km southeast of the Mount Polley Mine.

The program will consist of at least seven diamond drill holes totalling 2,800 feet. The drilling will focus on a new anomaly identified during a summer geophysical program as well as the high grade mineralization discovered in the previous two drill programs.

Drilling to date has established a strike length over 200 metres open at both ends, and includes one hole ending in mineralization at a depth of 183 metres. Significant intersections include 22 metres of 0.96 grams gold/tonne and 0.70% copper, 12 metres of 0.60 grams gold/tonne, 3 metres of 2 grams gold/tonne, 15 metres of 0.55 grams gold/tonne and 0.33% copper, 3 metres of 1.04 grams gold/tonne, 27 metres of 0.63 grams gold/tonne and 6 metres of 2.12 grams gold/tonne and 0.1% copper.

cash break even basis now that staffing levels have been reduced. Exploration is underway for near surface open pitable reserves in the Burro pit area. A total of 50 short holes are planned. This work is being carried out by on site personnel using existing mine equipment. Three other target areas have also been identified.

At the Kaburi Eldorado project, Guyana, South America, Omai Gold Mines has begun preliminary geological evaluation and road rehabilitation work. Omai has an option to purchase the Hicks deposit for either US \$2,000,000 or US \$13/oz of gold in the proven and probable category, whichever is greater. The Hicks deposit is presently estimated at 3,100,000 tonnes grading 0.06 oz. gold/ton or 187,000 ounces down to a depth of 75 metres. The deposit remains open down dip and along strike. Omai is expected to begin field operations at the end of the rainy season in January 1998.

Cathedral continues to hold 8,100 hectares (20,000 acres) of mineral rights outside the Hicks property, including the nearby Tallman property. The work carried out by Omai on the Hicks property, which will ultimately include road access to the nearby Omai deposit if the purchase option is exercised, will enhance the value of Cathedral's other holdings in the area.

Navigator Exploration Corp. has begun exploration on the Lady property 35 km south of Tegucigalpa, Honduras. The Lady property comprises two adjoining exploration permits covering about 12,400 hectares. Navigator can acquire a 55% interest in the Lady property by spending \$2,000,000 by 14May2001.

COLONY PACIFIC EXPLORATIONS LTD. [CYX-T], held 52% (9,029,040 shares) by Imperial, recently reported on exploration at its four Sumatra, Indonesia properties, Karang, Gedang, Ranau and Aceh, held under a joint venture strategic alliance with INCO LTD. [N-T, M, NY]. (SEE GCNL NO.222, 19Nov97, P.2 FOR SUMATRA EXPLORATION REVIEW)

Colony's working capital position is about us \$1,200,000, sufficient to complete drill target definition and carry out preliminary drilling at Mudik, which will start soon after the 7th Generation Contract of Work on Karang has been made effective.

For Imperial Metals, financial highlights for the nine months ended 30Sept97 are as follows:

|                           | NINE MONTHS ENDED SEPTEMBER 30, 1997  | 1996        |
|---------------------------|---------------------------------------|-------------|
| REVENUES                  | \$4,891,000                           | \$5,283,000 |
| NET INCOME                | 618,000                               | 6,653,000   |
| EARNINGS PER SHARE        | 1¢                                    | 12¢         |
|                           | THREE MONTHS ENDED SEPTEMBER 30, 1997 | 1996        |
| REVENUES                  | \$4,062,000                           | \$723,000   |
| OPERATING INCOME (LOSS)   | (1,930,000)                           | 121,000     |
| NET INCOME (LOSS)         | (1,295,000)                           | 222,000     |
| EARNINGS (LOSS) PER SHARE | (2¢)                                  | 0¢          |

Revenues in the third quarter of 1997 include Imperial's 55% interest in operations of the Mount Polley Mine effective 1Aug97. Results from the Mount Polley Mine were impacted by low mineral revenues due to depressed copper and gold prices, less than full capacity production at the mine, and interest charges on the long term debt incurred for construction of the mine. (SEE GCNL NO.168, 2Sept97, P.5 FOR SIX MONTH REPORT)

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