

NO. 103 (1997)  
MAY 29, 1997

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93A 8  
P. 10f3

### IMPERIAL METALS CORPORATION

[IPM-T] 60,042,082 SHS. 66,643,082 SHS. FULLY DILUTED)  
TUNE UP PHASE ALMOST STARTED- ORE TO CRUSHER JUNE 29/7  
THREE PHASES OF CRUSHERS IN START-UP PROCESSING WASTE  
EIGHT GRINDING, RE-GRINDING MILLS INSTALLED & TESTING  
FLOTATION CIRCUIT INSTALLED AND TESTING  
TAILINGS DAM & WATER RECLAMATION COMPLETED/ TESTED  
300,000 TONNES ORE AVERAGING 0.37 GRAMS GOLD/ TONNE ,  
0.23% COPPER MINED AND STOCKPILED

100 BLAST HOLES DRILLED IN FIRST 1997 ORE BENCH  
NEXT ORE BLAST MAY 28/97 OF 100,000 TONNES ORE  
TWO 17 CU YD. SHOVELS, ONE OPERATING, SECOND JUNE 15/97  
FOUR 85 TONNE TRUCKS, OVERHAULED, AND OPERATING

Henry G. Ewanchuk, Project Director, and Brian Kynoch, senior vice president, chief operating officer for Imperial Metals, drive the Cariboo Bell/ Mt .Polley, 18,000 tonne per day capacity copper gold mine construction program nearing production. Capital cost was estimated in the feasibility study at Cdn. \$123,500,000.

Earth moving started May 29, 1996, just 12 months ago, at the site, at 3,640 feet elevation, 56 km northeast of Williams Lake, central B.C. Imperial Metals, operator, holds a 55% with Sumitomo Corp. of Japan, holding 45%. The mine is subject to no royalties, net proceeds or other underlying interests. The project created 200 jobs during construction and will employ 170 during operations.

First ore is scheduled to start through the tune-up phase on June 2, 1997. Six weeks later the plant is expected to be in the continuous ore processing phase. May 22, 1997 was moving day. The operating staff was moved into the plant building where the mine/ mill will be managed through the life of mine. The mine offices were prefabricated off site and slid onto structural steel supports in the plant building.

In June 1996, continuous ore processing was forecast to start in Nov. 1997. Now, the best guess for continuous ore processing is early August, maybe even July, 1997. Construction is a little over four months ahead of original schedule. The best the construction team want to admit to is "on budget". As Mr. Kynoch said, some of the team are convinced the project is well under budget but construction is not yet completed. "When we are completed and all the costs are in I will tell you how close to budget we are." Until the mine and plant have completed the start up phase and been operating at designed capacity with forecast recovery rates for several months the final budget numbers will not be available. "We are looking good, but how good is yet to be determined," Pierre Lebel, president of Imperial Metals, told the May 23, 1997, annual meeting. His estimate is \$5,000,000 under budget at this time.

### IMPERIAL METALS CORPORATION

CONTINUED FROM PAGE ONE - Probably the biggest factor in being ahead of schedule and under budget is the Project Director and his unorthodox management style. A main factor has been the team, many of whom have worked together on five other mine mill construction/ expansions projects. The good relations and cooperation between the various contractors have also made a big contribution to the progress. (A list of the main contractors is shown in the table overleaf P.1.) These contractors know the Project Director well and have worked with the team many times. They know from experience management has been fair on costs and don't have to go to detail contract clauses every time there is a change. "This way we save time and money." As one contractor put it, "They're fair and we are fair. Imperial Metals construction team is their own prime contractor. The crew that is building the plant is the crew that is going to operate. That saves time and money. They know what they want and what they are doing. They solve the problems on the floor in the plant, then work the drawing up to reflect the changes. The Project Director is in charge and he doesn't have to talk to several levels of consultants to make decisions. Without Mr. Ewanchuk, as leader, Sumitomo Canada Limited would not have funded the mine to production. Sumitomo management has known him through several other successful mining projects. They know and trust him which makes the relationship friendly, quick and productive."

Two of the people which make the team so strong are Brian Kynoch, senior vice president of Imperial Metals, and Cliff Overton. During his days as a student Mr.Kynoch worked at Bethlehem where Mr.Ewanchuk was in management. Then he worked in the construction phase of the Sterling mine, the Hedley Mascot gold mine and later in the construction and as manager of the Goldstream copper mine, each of which were headed by Mr.Ewanchuk. Cliff Overton, metallurgical consultant, worked with Mr.Ewanchuk through several phases of expansion of the Bethlehem mine which started at 2,500 tons per day and reached 30,000 tons per day prior to shutdown and evolving into the now highly successful and profitable, second largest copper mine in the world, the 130,000-tonne per day Valley Copper Mine in south central B.C. Mr.Overton has retired several times over the years and only came back to work on Cariboo Bell/ Mt.Polley because Mr. Ewanchuk asked him. "I came for a three months consulting contract and three years later I am still here. Just as soon as this plant is up and running smoothly and if Hank will let me, I am going to do it again - that is, retire."

Used equipment and machinery have made a critical contribution to the ahead of schedule - under budget construction. "We have bought used equipment from Goldstream, Bethlehem, Hedley Mascot, Brenda, Bell Copper and a number of other places. A lot of the purchases have been of equipment we operated and maintained in our known operations. I have crawled over under and through almost every piece myself with the help of mechanics and maintenance crew we have worked with for years before. It has all been carefully overhauled, transported to the site on schedule for installation. We have not suffered from long lead times by manufacture or delivery delays so often suffered with new equipment." One good example is the second P&H 19 cu. yd capacity electric shovel which was bought, transported, overhauled and erected ready for operation at a cost of Cdn. \$800,000. New this machine could cost US \$4,300,000. (A new 50 cu.yd. capacity shovel costs Cdn. \$12,800,000)

A further factor has been the early installation and completion of the electric power line. The availability of this power through

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# George Cross News Letter

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much of the construction phase has contributed to significantly lower power costs.

During a site tour, Malcolm Swallow, project manager, reported the first phase tailings dam is in operation with 2,400,000 cu. metres (530,000,000 gallons) of water contained. The barge and water reclaim pumping system is installed and tested. The dam was budgeted at \$3,000,000 but with design changes arising from the recent BC Bennett dam failures costs have increased to \$4,500,000. Current dam capacity is 18 months production - about 9,000,000 tonnes of ore.

Computer controlled, closed circuit TV monitoring in milling plants have been in operations for some years with the Cariboo Bell/ Mt. Polley plant using leading edge computers and sophisticated high tech equipment to assist crews to maintain, maximum production at minimum cost.

Despite changes in the prices of copper and gold since the feasibility study numbers were calculated, the recovered value of the ore has not changes substantially. Current prices show the ore value at 98% of that in the feasibility study for the first year at \$16.11. or at 103% of feasibility numbers at Cdn. \$13.30 for life of mine. 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. Cariboo Bell/ 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.

EXPLORATION REVIEW - At the May 23, 1997, annual meeting Patrick McAndless, vice president exploration for Imperial Metals, reviewed: the Silvertip/ Midway silver-lead-zinc project, northern BC, 80 km west of Watson Lake, Yukon, program of \$2,000,000 for 1997, including, detailed geology, geophysics and drilling. The objective of this work is to add to the current reserve of 1,400,000 tonnes of 9.3 oz. silver/ton (317 grams/tonne), 5.8% lead, 8.3% zinc, with a gross value of US \$160 per tonne at current prices. The Chaco Bear project is a series of surface showings of gold, copper, lead, zinc, located 100 km north of Smithers, BC, under option to earn 100%, which will be explored by a \$50,000 program of geology and drilling. The M'Banga gold project in Niger, West Africa, Imperial Metals 60%, Sumitomo 40%, was the feature of the 1996 exploration program. With some interesting results the emphasis have been shifted to B.C. and a farmout of M'Banga is sought. (SEE GCNL NO.75, 18Apr97, P.4 FOR IMPERIAL METALS YEAR-END REPORT)

93A 8  
p. 2 of 3

IMPERIAL METALS CORP.  
MOUNT POLLEY MINING CORP.  
CARIBOO BELL MINE  
NEAR WILLIAMS LAKE, BC

93A 8

p. 3 of 3

NO. 103 (1997)  
MAY 29, 1997

<i>Company</i>	<i>Contract</i>
C.S.F.M. Engineering Ltd.	Engineering Concentrator/Crusher Building
Ledcor Industries Ltd.	Mine site pre-stripping
Greyback Construction Ltd.	Concrete
Colony Management Inc.	Buildings
North American Construction Ltd.	Tailings dam
Unit Electrical Engineering	Electrical installation
Concept Construction Corp.	Internal offices
Knight Piésold Ltd.	Dam design
Hallam Knight Piésold Ltd.	Environmental monitoring
Monad Contractors	Mechanical pipe installation
Svedala-Brenda Industries	Mill installation
Hamilton Machinery	Equipment overhaul & fabrication

**MOUNT POLLEY MINING CORPORATION**

**PROJECT TEAM:**

Henry Ewanchuk  
Malcolm Swallow  
Cliff Overton  
Bob MacDonald  
Ron Orr  
Dale Reimer  
David Harper  
George Jones

Project Director  
Project Manager  
Director of Technical Services  
Project Controller  
Construction Manager  
Purchasing Supervisor  
Controls Supervisor  
Cost Control

**OPERATING TEAM:**

Brian Kynoch  
George Wight  
Don Ingram  
Don Parsons  
Jack Zuke  
Tim Fisch  
Glenn McDonald  
Dale Reimer  
Plus numerous Operating Staff

Senior Vice President & C.O.O.  
Mine Manager  
Mill Superintendent  
Mine Superintendent  
Maintenance Supervisor  
Mill Foreman  
Manager of Employee Relations & Safety  
Purchasing Supervisor

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