

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The Company began the year 2003 focused on selective mineral exploration targets while maintaining its key mining asset, the Mount Polley mine, on standby pending a recovery in metals prices. The discovery of a new zone at Mount Polley and the rapid rise in the price of copper and gold during the latter half of 2003 provided ideal conditions for the Company to access equity markets to finance its exploration and property development activities. The restructuring of the management of Huckleberry Mines Ltd. ("Huckleberry") on December 1, 2003, whereby the Company ceased to be the operator of the Huckleberry mine, provided management the opportunity to concentrate its efforts on the significant exploration opportunities identified at Mount Polley during the year.

The change in basis of accounting for Huckleberry, from proportionate consolidation basis to equity basis, resulted in a substantial improvement in the Company's Balance Sheet due to the high debt load carried by Huckleberry. All of the assets and liabilities of Huckleberry previously recorded on a line by line basis were removed from Imperial's consolidated balance sheet. Instead, the balance sheet at December 31, 2003 records the Company's investment in Huckleberry as a single line item under Share of Deficit and Advances to Huckleberry. The statement of income for the year 2003 includes eleven months of Huckleberry on the proportionate consolidation basis and one month on the equity basis.

At December 31, 2003 the financial position of the Company was healthy with \$11.0 million in working capital, including \$11.0 million in cash, resulting from the \$10.0 million private placement bought deal financing completed in early December 2003. The Company is investing these funds in exploration and preparing the Mount Polley mine for resumption of operations. The Company is also actively assessing other opportunities for growth through exploration and development.

Selected Annual Financial Information	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001 <i>Proforma (Note)</i>
Total Revenues	\$ 47,170,785	\$ 47,238,743	\$ 111,153,748
Net Income (Loss)	\$ 3,375,550	\$ (22,968,083)	\$ (20,240,573)
Net Income (Loss) per share	\$ 0.16	\$ (1.46)	\$ (2.51)
Diluted Income (Loss) per share	\$ 0.16	\$ (1.46)	\$ (2.51)
Working Capital (Deficiency)	\$ 11,036,075	\$ (31,585,636)	\$ (28,585,913)
Total Assets	\$ 25,292,236	\$ 72,017,155	\$ 92,256,697
Total Long Term Debt (including current portion of long term debt)	\$ 5,891,809	\$ 79,705,614	\$ 80,544,403
Cash dividends declared per common share	\$ 0.00	\$ 0.00	\$ 0.00

Note: Proforma amounts are based on the historical financial information of the mining business formerly part of IEI Energy Inc. prior to its acquisition by the Company effective January 1, 2002.

The reporting currency of the Company is the Canadian Dollar. The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles.

Forward Looking Statements

This Management Discussion and Analysis is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of March 31, 2004. Except for statements of fact relating to the Company certain information contained herein constitutes forward looking statements. Forward looking statements are based on the opinions, plans and estimates of management at the date the statements are made and are subject to a variety of risks, uncertainties and other factors that could cause the actual results to differ materially from those projected by such

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statements. The primary risk factors affecting the Company are discussed further under the heading "Risk Factors" below. The Company undertakes no obligation to update forward looking statements if circumstances or management's estimates, plans or opinions should change. The reader is cautioned not to place undue reliance on forward looking statements.

Developments During 2003

Exploration and General

The Company maintains a balanced approach to exploration and development of its mineral projects. The Company started the year 2003 with the \$1.2 million cash received from the sale of the Silvertip project in 2002 and raised a net total of \$12.0 million from three financings.

A portion of these funds were used for exploration at Sterling from the \$1.3 million rights offering completed in February 2003. Exploration results were positive with further drilling planned for 2004 and early 2005 including US\$2.0 million budgeted for a decline ramp to access the 144 Zone discovery.

Funding from a \$1.5 million flow through share issue in early August initiated a significant exploration program to expand the resources at the Mount Polley mine and to test targets at the Nak property in northern British Columbia. Drilling at the Mount Polley property in central British Columbia provided very encouraging results, including discovery of a new zone, resulting in a greatly expanded drilling program in 2004. Exploration results from the Nak property were not sufficiently encouraging to maintain the claims under option however the Company is reviewing plans for further work in the 2004 field season on its 100% owned claims.

In December the Company completed a \$10.0 million bought deal private placement financing to continue the exploration at Mount Polley and Sterling and for general working capital purposes.

With the change in basis of accounting for Huckleberry the Company's revenues and expenses will be reduced significantly. Until the Company's mineral properties become revenue producers, property holding and other operating and administration costs are expected to exceed revenues. The Company will also record its 50% share of equity income from Huckleberry which, depending on the copper price and the US/Cdn Dollar exchange rate, will be a significant determinant of income. The strengthening of the Cdn Dollar against the US Dollar during 2003 has reduced the cost of repaying the long term debt due by Huckleberry. However, the decline in the exchange rate has detrimentally affected Huckleberry's revenues and operating margin and negated a portion of the recent improvement in the price of copper.

Further studies on the Mount Polley mine oxide material during 2003 provided further encouragement to proceed with larger scale testing of new heap leach technology to improve copper recoveries. The results of this larger scale test work and other prefeasibility studies are important factors to consider in the reopening of the Mount Polley mine. The Company has budgeted \$0.3 million for these studies for the year 2004.

Huckleberry Mines Ltd.

The net income of the Company is primarily dependent on the results of Huckleberry, the Company's 50% equity accounted operating mine. Note 12 to the consolidated financial statements of the Company discloses the impact of Huckleberry on the financial position and results of operations of Imperial. Although the Company owns 50% of Huckleberry all the debt and other obligations of Huckleberry are non recourse to Imperial with Imperial's financial exposure limited to its \$2.5 million loan to Huckleberry.

At the end of 2002 it was estimated that Huckleberry would have a mine life that would end in late 2007. During the year 2003 Huckleberry's mine life was further reduced and is now expected to end in early 2007 or about 10 to 12 months sooner.

Huckleberry continues to face challenges in generating sufficient cash flow to meet loan interest and principal payments of approximately \$87.0 million due on June 30, 2004 based on exchange rates and interest rates at December 31, 2003. The lenders have been extending the due date of these loans since January 1, 2002. During the extended period of low copper

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prices since startup of the mine in 1997 Huckleberry was not able to meet scheduled loan payments on its construction loans. Although the recent increase in copper prices is having a positive impact on cash flow, the accumulated debt payment obligations and compound interest on overdue loans will take time to rectify.

Huckleberry was not able to complete a restructuring of its loan payment schedule in 2003 and continues to discuss a revised payment schedule with its lenders. The outcome of these negotiations continues to be uncertain and could result in Imperial losing its interest in Huckleberry. The ongoing operations of the Company would not be materially affected if Imperial lost its 50% interest in Huckleberry. Note 4 to the consolidated financial statements of the Company provides further information on the financial position of Huckleberry.

Risk Factors

Exploration programs, development prospects and mining operations are affected by a number of factors that can significantly impact the operations and financial position of the Company.

The Company explores for and produces base and precious metals. Exploration and development prospects for these metals are affected by their price, with copper and gold prices being of primary importance to the Company. Exploration and development requires significant amounts of capital and even if the funds were available, the outcome is dependent on finding sufficient quantities of minerals, permitting the project, constructing the processing and ancillary facilities and starting commercial production. This process takes time and many factors, including commodity prices and economic conditions, may change, affecting the viability of the project. The Company has expertise in managing these risks and will conduct its exploration and development activities to maximize returns for its shareholders.

The price of copper is a key determinant of revenues from mining operations as the Huckleberry mine is primarily a copper producer. Copper is sold in US Dollars and therefore the US/Cdn Dollar exchange rate is also a key factor in determination of revenue. Most of the debt of Huckleberry is denominated in US Dollars and this affects the interest paid in Cdn Dollars as well as the ultimate repayment amount of the debt. Huckleberry interest expense is based on floating rates, which vary with a number of factors, including international economic and political events. In addition, mining operations face various operating risks, including environmental risks. Operating risks include accuracy of mining plans, ore grade, milling and recovery issues and others. The Company minimizes risks from mine operations through prudent operating practices, using well trained and knowledgeable staff, obtaining insurance for certain risks, and hedging copper production and exchange rates from time to time.

Critical Accounting Policies

The critical accounting policies adopted by the Company and used in preparation of its consolidated financial statements include the following:

(a) Mineral Properties

Producing mining property, plant and equipment is carried at cost less accumulated depletion and depreciation. All costs related to acquisition, exploration and development of mineral exploration properties are capitalized by property. Capitalized costs include interest and financing costs for amounts borrowed for mine development and plant construction, and operating costs, net of revenues, prior to the commencement of commercial production. 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 excluding certain assets which are depreciated on a straight line basis over periods ranging from three to ten years.

The Company evaluates the carrying value of its mineral properties on a regular basis using various methods depending on the state of development of the property. If it is determined that the anticipated fair value based on future cash flows from its mineral properties or other measurement are less than the carrying value based on information and conditions at the date of assessment, then a writedown to the estimated fair value is made.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

(b) Depreciation, Depletion and Amortization

Described in (a) above are the methods and rates used by the Company to determine the depreciation, depletion and amortization of its producing mineral properties. The majority of capitalized costs are depreciated, depleted or amortized on a unit-of-production basis. This method relies on management's estimate of the ultimate amount of recoverable reserves, an amount that is dependant on a number of factors including the extent and grade of the ore, commodity prices, capital, mining, processing and reclamation costs, and success of exploration activities identifying additional mineral reserves.

(c) Future Site Reclamation Costs

Management's estimate of the costs for reclamation of producing mineral properties are accrued and charged to operations over commercial production based upon total estimated reclamation costs and recoverable reserves. The estimated costs for reclamation of non-producing mineral properties are accrued as liabilities when the costs of site clean-up and reclamation can be reasonably estimated. The Company's activities are governed by various laws and regulations for protection of the environment. Generally, these laws and regulations are continually changing and becoming more restrictive and the Company must comply with these changes.

Changes in Accounting Policies

The Company will be adopting a number of new accounting standards in 2004 that will impact its financial results. These include:

(a) Future Site Reclamation Costs

New accounting recommendations from the Canadian Institute of Chartered Accountants for future site reclamation costs will be adopted by the Company effective January 1, 2004. Prior to January 1, 2004 future site reclamation costs were accrued and charged to operations over the estimated life of each mine. The new accounting recommendation requires that the Company initially recognize the future site reclamation costs at its fair value in the period in which it is incurred, with a corresponding addition to the related asset for these costs. The cost of the asset is amortized over the life of the asset as an expense based on the Company's accounting policy for depreciation, depletion and amortization. Following the initial recognition of the future site reclamation costs, the liability will be increased each period to reflect the interest element included in the initial measurement of their fair value. Adjustments to the future site reclamation cost liability will also be made in each period for changes in the estimated amount, timing and cost of the work to be carried out.

The Company has determined that the adoption of this new standard will primarily affect the income from its 50% accounted for equity affiliate, Huckleberry. Huckleberry has not yet determined the impact of this new standard and therefore the Company cannot reasonably estimate the effect at this time. The future site reclamation costs recorded on the Company's balance sheet at December 31, 2003 are for the Mount Polley and the Sterling properties. Management believes that the amounts shown are a reasonable estimate of the ultimate cost of the expenditures to be incurred to complete the site reclamation work.

(b) Share Based Compensation

The Company will adopt the new recommendations of the Canadian Institute of Chartered Accountants for share based compensation effective January 1, 2004. The Company's reporting has been in accordance with the new recommendations except that the Company has only been providing the information in a note to its financial statements (Note 9) and not recording the effects in its consolidated financial statements. The new recommendation requires that the fair value of the options at the date of grant be accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

The Company will adopt this new recommendation on January 1, 2004 on a retroactive basis without restatement whereby the Company will record a charge of \$175,455 to deficit for accumulated share based compensation costs to December 31, 2003 with an offsetting increase in contributed surplus.

(c) Hedging Relationships

The Canadian Institute of Chartered Accountants has issued new accounting recommendations for the treatment of certain derivative financial instruments which establishes new criteria for hedge accounting. These must be applied effective January 1, 2004. The new guideline requires the Company to document hedging transactions and explicitly demonstrate the effectiveness of the hedges in order to qualify for certain accounting treatment for hedges utilizing financial derivatives. Derivative financial instruments that do not qualify for hedge accounting are required to be marked to market each period with changes in the fair value of the derivative instruments recorded in operations as unrealized gains or losses.

The Company has determined that the adoption of this new accounting standard will primarily affect the income from its 50% accounted for equity affiliate, Huckleberry. Huckleberry has not yet determined the impact of this new standard and therefore the Company cannot reasonably estimate the effect at this time. The Company, exclusive of Huckleberry, does not have any financial derivatives at this time however this may change depending on management's plans for the future, specifically, the possible reopening of the Mount Polley mine. Prior to entering into any financial derivatives the Company will review the new accounting standard and consider whether it should be adopted.

Results of Operations for the Year 2003 Compared to the Year 2002

This review of the results of operations should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2003.

Financial Results

Overview

Operating revenues were the same in both years at \$47.2 million even though the year 2003 only included eleven months of revenue for the Huckleberry mine in 2003 due to the change in basis of accounting effective December 1, 2003. Consolidated revenues reported by the Company from Huckleberry would have been approximately \$6.4 million higher if Huckleberry had been consolidated for the full year 2003.

In the year ended December 31, 2003 Imperial recorded net income of \$3.4 million (\$0.16 per share) compared to a net loss of \$23.0 million (\$1.46 per share) in the prior year, owing primarily to the income from foreign exchange rate movements on Huckleberry debt and lower mineral property writedowns.

The financial results of the Company are closely tied to those of the Huckleberry mine. The Company's share of Huckleberry's income, including equity income, totaled \$5.8 million in 2003 compared to a loss of \$16.2 million in 2002. The 2003 income from Huckleberry included a \$11.3 million foreign exchange gain on long term debt. Mineral exploration property writedowns totaled \$1.5 million in 2003 compared to \$4.8 million in 2002. The balance of expenses included in earnings for the year were comprised of holding costs for properties on care and maintenance and corporate administration costs, net of other revenues.

The Company, exclusive of equity income from Huckleberry, does not expect to return to profitable operations in 2004 as the Company has property holding and general and administration costs in excess of its revenues.

Imperial expects to record \$3.6 million in equity losses from Huckleberry Mines Ltd. during 2004 based on a copper price of US\$1.20 per pound, a US/Cdn Dollar exchange rate of \$1.30 and the current mine plan for the Huckleberry mine. Imperial's share of equity income from Huckleberry for the year 2004 would change for key indicators as follows:

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If the Copper price changes by US\$0.01 per pound	\$ 370,000
If the Gold price changes by US\$10 per ounce	\$ 59,000
If the US/Cdn Dollar Exchange Rate changes by US\$0.01	\$ 519,000
If the LIBOR rate changes by 1%	\$ 538,000
If the Bank Prime Rate changes by 1%	\$ 148,000

The financial future of Huckleberry is at the discretion of its lenders who continue to work with Huckleberry and its shareholders to find a way to meet Huckleberry's obligations to all its stakeholders.

Mineral Operations

Mineral revenues remained steady at \$46.5 million in 2003 compared to \$46.6 million in the prior year. The average price of copper in Cdn Dollars realized from the Huckleberry mine was slightly lower in the eleven months ended November 30, 2003 when compared to the full year 2002. Gains made in the copper price in US Dollars were substantially reduced by unfavourable US/Cdn exchange rate movements. After deduction of mineral production, treatment and transportation costs but before financing charges, depletion and depreciation, the contribution margin from Imperial's mining operations was \$1.9 million in both the year 2003 and the year 2002. Higher copper prices in the eleven months ended November 30, 2003 compared to the prior year were offset by a number of factors including the higher net costs associated with maintaining mines on standby and increased operating costs at the Huckleberry mine. Huckleberry realized a \$1.1 million gain from foreign exchange currency hedges in 2003 compared to a slight loss in 2002, resulting in an overall improvement in the contribution margin from mining activities for the year 2003.

Interest Expense

Interest expense on long term debt decreased to \$2.9 million in 2003 from \$3.3 million in 2002. Interest costs on long term debt were lower in 2003 due to lower interest rates in 2003 on Huckleberry mine debt. Interest expense on short term debt decreased as a result of lower average levels of short term debt.

Foreign Exchange on Long Term Debt

Foreign exchange movements on US Dollar denominated long term debt of Huckleberry resulted in a gain of \$11.3 million in the year 2003 compared to \$0.5 million in the prior year as the Cdn Dollar strengthened significantly against the US Dollar.

Writedown of Mineral Exploration Properties

The Company evaluates the carrying value of its mineral exploration property holdings on a regular basis. In 2003 the Company recorded a writedown of \$1.5 million on an exploration property to reflect market conditions for the underlying product to be produced from this property. During 2002 the Company wrote down the carrying value of one of its exploration properties by \$4.8 million to adjust the carrying value to market conditions. In late 2002 the Company sold the exploration property for proceeds of \$1.8 million.

Writedown of Mining Property, Plant and Equipment

The Company also regularly evaluates the carrying value of its producing property, plant and equipment. At December 31, 2002 the weakness in the price of copper, uncertainty regarding the timing of a marked increase in the price of copper and the trend in the appreciation of the Cdn Dollar versus the US Dollar, impacted the future mining plans at the Huckleberry mine, resulting in a shortening of the expected life of the Huckleberry mine. These estimates showed that the Huckleberry mine was expected to close in the latter part of 2007 if no new sources of ore are found. As a result of these factors the recorded value of the Huckleberry mine had a carrying value in excess of its expected recoverable amount as at December 31, 2002, requiring the Company to record an \$8.4 million writedown in the year 2002 to reduce the carrying value to the recoverable value.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Taxes

In both 2003 and 2002 the effective tax recovery rate was significantly less than the expected tax rate of 37.6% in 2003 and 39.6% in 2002 due to a valuation allowance provided against tax recoveries originating from operating loss carry forwards as well as the recording of mineral and large corporation tax expense.

Liquidity & Capital Resources

Cash Flow from Operations

The Company recorded net income of \$3.4 million in 2003 compared to a net loss of \$23.0 million in 2002. Cash flow from operations improved to \$2.6 million in 2003 from \$1.0 million in the prior year primarily on the improved contribution from the Huckleberry mine and reduction of costs in certain areas.

Working Capital

Working capital at December 31, 2003 was greatly improved at \$11.0 million from the working capital deficiency of \$31.6 million in the prior year. The working capital deficit at December 31, 2002 included current portion of long term debt of Huckleberry totaling \$37.8 million. The improvement in the working capital position of the Company was primarily the result of the deconsolidation of Huckleberry and the bought deal private placement financing completed in December 2003 that netted the treasury \$9.3 million.

Property Expenditures and Other Investment Activities

Property acquisition and development expenditures totaled \$4.2 million in 2003 versus \$3.2 million in 2002. The expenditures in 2003 were primarily for Huckleberry mine ongoing capital projects totaling \$4.0 million compared to \$3.2 million in 2002. Since Huckleberry is no longer consolidated with the accounts of the Company and until the decision is made to restart operations at the Mount Polley mine, capital expenditures on mining property, plant and equipment is expected to be minimal.

Exploration expenditures were \$2.5 million in 2003 compared to \$0.6 million in 2002. Increased expenditures in 2003 were primarily to expand on the discovery at Mount Polley. Expenditures in 2002 were primarily for drilling at the Sterling exploration project in Nevada. Expenditures on exploration projects for the year 2004 is expected to be in excess of \$7.0 million, with \$5.0 million budgeted for exploration and development work at Mount Polley, \$2.0 million for a decline ramp at Sterling and the balance for Nak and other exploration properties.

During 2003 the Company continued to reduce its holdings of projects it does not consider key to its future. In February 2003 the Company sold the Similco mine which ceased operations in 1996. Certain property, plant and equipment and real estate assets associated with the Similco mine were retained by the Company for use in its other mining operations or future sale, significantly increasing the cash expected to be realized from the sale of the Similco mine. During the year 2002 the Company sold the Goldstream mine which had been on care and maintenance since 1996.

Proceeds from the sale of Similco and surplus mine equipment assets totaled \$1.6 million in 2003. Proceeds from the sale of the Goldstream mine and mineral properties and mining equipment other than the Silvertip project totaled \$1.5 million in 2002.

Debt and Other Obligations

All of the Company's long term project debt is non recourse to the Company as it is secured only by the mining properties on which the funds were invested. Payments on the current portion of long term debt, all due by Huckleberry, was nil during the year 2003 compared to \$0.6 million during the year ended December 31, 2002.

Payments on Mount Polley's \$6.3 million non interest bearing long term debt are only due when the mine and mill are in operation. Payments are limited to \$117,000 per month, to a maximum of \$1,167,000 per year. As such, this debt is more in the nature of a capped royalty on operations. This debt is non recourse to Imperial.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

In 2003 the Company improved its working capital by securitizing certain assets at the Mount Polley mine thereby releasing \$1.4 million of cash from future site reclamation deposits to pay \$1.4 million in overdue property taxes for the Mount Polley mine. These unpaid property taxes were acquired by the Company as part of the restructuring that created the Company in 2002.

The Company has the following contractual obligations as of December 31, 2003:

	2004	2005	2006	2007	2008	2009 +	Total
Long term debt	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capital leases	-	-	-	-	-	-	-
Operating leases	\$ 112,000	\$ 102,000	\$ 94,000	\$ 78,000	-	-	\$ 386,000
Capital expenditures	-	-	-	-	-	-	-
Mineral properties ⁽²⁾	\$ 51,000	\$ 47,000	\$ 71,000	\$ 57,000	\$ 90,000	\$ 93,000	\$ 409,000
Total ⁽³⁾	\$ 163,000	\$ 149,000	\$ 165,000	\$ 135,000	\$ 90,000	\$ 93,000	\$ 795,000

⁽¹⁾ Payment dates of total long term debt of \$6.3 million is not determinable as it is dependent on if the Mount Polley mine and mill are in operation.

⁽²⁾ Mineral property commitments are payments required to keep the claims or option agreements in good standing. Total for 2009 is for year 2009 requirements only.

⁽³⁾ Excluding long term debt.

Ongoing exploration expenditures, project holding costs, and general corporate costs will be financed from existing cash resources, sale of assets, joint venture arrangements and equity financings, when appropriate.

Selected Quarterly Financial Information

2003	Three Months Ended			
	March 31	June 30	September 30	December 31
Total Revenues ⁽¹⁾	\$ 13,376,342	\$ 10,870,260	\$ 13,338,499	\$ 9,585,684
Foreign exchange gain (loss) on debt ⁽²⁾	\$ 4,403,428	\$ 4,712,718	\$ 72,122	\$ 2,355,946
Writedown of mineral properties	-	-	\$ (1,525,937)	-
Equity Income from Huckleberry	-	-	-	\$ 1,016,986
Net Income (Loss)	\$ 938,838	\$ 1,730,943	\$ (2,736,229)	\$ 3,441,998
Net Income (Loss) per share	\$ 0.05	\$ 0.09	\$ (0.13)	\$ 0.15
Diluted Income (Loss) per share	\$ 0.05	\$ 0.09	\$ (0.13)	\$ 0.14
Cash Flow ⁽³⁾	\$ (576,280)	\$ (24,170)	\$ 1,755,349	\$ 1,405,599
Cash Flow per share ^{(3) (4)}	\$ (0.03)	\$ 0.00	\$ 0.08	\$ 0.06
Average LME cash settlement copper price/lb in US\$	\$ 0.755	\$ 0.744	\$ 0.795	\$ 0.934
Average US/Cdn \$ exchange rate	1.510	1.398	1.380	1.316
Period end US/Cdn \$ exchange rate	1.469	1.355	1.350	1.292

⁽¹⁾ Total revenues for the three months ended December 31 include only two months of revenue from Huckleberry due to the change in basis for accounting for Huckleberry effective December 1, 2003.

⁽²⁾ In order to provide the reader with a better understanding of the effect of changes in the US/Cdn Dollar on the net income of the Company, foreign exchange gain (loss) on debt shown above includes the amounts from Huckleberry recorded on both the proportionate consolidation basis to November 30 and on the equity basis for the month of December.

⁽³⁾ Cash Flow and Cash Flow per share are measures used by the Company to evaluate its performance, however they are not terms recognized under generally accepted accounting principles. Cash Flow is defined as cash flow from operations before net change in working capital balances and Cash Flow per Share is the same measure divided by the weighted average number of common shares outstanding during the period.

⁽⁴⁾ The sum of the quarterly Cash Flow per share does not equal the annual total due to timing of share issuances during the year.

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2002	Three Months Ended			
	March 31	June 30	September 30	December 31
Total Revenues	\$ 13,378,186	\$ 13,049,027	\$ 11,806,455	\$ 9,005,075
Foreign exchange gain (loss) on debt	\$ (35,043)	\$ 2,918,308	\$ (2,630,002)	\$ 241,822
Writedown of mineral properties	-	-	\$ (5,053,885)	\$ (8,116,629)
Net Income (Loss)	\$ (2,748,485)	\$ 374,074	\$ (10,121,168)	\$ (10,472,504)
Net Income (Loss) per share	\$ (0.17)	\$ 0.02	\$ (0.64)	\$ (0.67)
Diluted Income (Loss) per share	\$ (0.17)	\$ 0.02	\$ (0.64)	\$ (0.67)
Cash Flow ⁽³⁾	\$ 9,100	\$ (447,702)	\$ 585,764	\$ 888,859
Cash Flow per share ⁽³⁾	\$ 0.00	\$ (0.03)	\$ 0.04	\$ 0.06
Average LME cash settlement copper price/lb in US\$	\$ 0.706	\$ 0.731	\$ 0.688	\$ 0.705
Average US/Cdn \$ exchange rate	1.594	1.554	1.563	1.570
Period end US/Cdn \$ exchange rate	1.587	1.519	1.586	1.580

Fourth Quarter Results

Net income was \$3.4 million in the fourth quarter of 2003 (\$0.15 per share) compared to a loss of \$10.5 million in the prior years quarter (\$0.67 per share). The improvement in the 2003 quarter was the result of improved operating margins at Huckleberry led by higher copper prices, a large foreign exchange gain on US Dollar denominated debt due to the strengthening Cdn Dollar and the absence of a writedown in mineral properties. The 2002 period loss included an \$8.1 million writedown of mineral properties. Cash flow for the December quarter increased from \$0.9 million in 2002 to \$1.4 million in 2003 as a result of improved operating income from Huckleberry even though the 2003 quarter only included two months of Huckleberry on the proportionate consolidation basis compared to three months in the 2002 quarter. Cash flow for the Company is not affected as a result of reporting income from Huckleberry on the equity basis.

Related Party Transactions

All related party transactions are as a result of the Company's 50% ownership of Huckleberry and the fact that the owners of the other 50% of Huckleberry (the "Japan Group") are also lenders to, and the purchasers of, substantially all of the production from the Huckleberry mine under a life of mine contract. Transactions with the Japan Group are on commercial terms and conditions and disclosed in Note 12 to the consolidated financial statements.

Until the restructuring of the management of Huckleberry on December 1, 2003 and termination of the operator agreement with Huckleberry, Imperial was the operator of the Huckleberry mine and received management fees for operating the Huckleberry mine with management staff provided by Imperial. Effective December 1, 2003 Imperial receives consulting fees for its services pursuant to a new consulting agreement, however there is no obligation to provide any staff, as mine operations are now managed totally by Huckleberry.

The Company has a \$2.5 million loan receivable from Huckleberry originating from the 1999 financial restructuring of Huckleberry. At December 31, 2003 all interest due on the loan had been paid. Future payments of interest and principal are based on the cash flow of Huckleberry.

During 2002 and 2003 Huckleberry rented certain mobile mining equipment from the Company on commercial terms and conditions. During 2003 and 2004 Huckleberry acquired mobile mining equipment to replace the equipment rented from the Company and therefore rentals will cease in early 2004. Rental revenue earned by the Company from Huckleberry was \$0.7 million in 2003 and \$1.4 million in 2002. These transactions, net of eliminations on consolidation, are included in the amounts reported in Notes 12 and 13 to the consolidated financial statements.

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Other

Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

As of April 8, 2004 the Company had 25,618,889 common shares outstanding. On a diluted basis the Company had 27,761,264 common shares outstanding.

Outlook

For the year 2004 the Company is focused on the goal of identifying the extent of the new discovery at Mount Polley with a view to restarting operations. The Company has committed a minimum of \$8.2 million in funding for drilling, exploration and other pre-development expenditures to achieve this objective. Additional staff have been employed to undertake the work required to obtain permits and bring this new zone into production.

In addition to this major objective for 2004 the Company will also follow up on the discovery made at Sterling with a US\$2.0 million budget that includes an underground ramp to access the area of the new discovery and further surface and underground drilling to test the extent of the mineralization. This work is to commence in mid 2004 and is expected to take about 12-16 months to complete.

In early 2004 Huckleberry approved a budget of \$0.5 million to explore for additional ore near the existing Huckleberry mine in an effort to extend the mine life beyond early 2007.

The Company continues to evaluate exploration opportunities both on currently owned properties and on new prospects. In March 2004 the Company optioned an exploration property in northern British Columbia on which it plans to spend a portion of the \$0.3 million budget to drill test prospective targets.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and all information in the annual report are the responsibility of management. These consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information elsewhere in the annual report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records properly maintained to provide reliable information for preparation of financial statements. Deloitte & Touche LLP, an independent firm of Chartered Accountants, has been engaged, as approved by a vote of the shareholders at the Company's most recent Annual General Meeting, to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provide an independent professional opinion. Their report is presented with the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee of the Board. This Committee, which is comprised of a majority of non management Directors, meets with management and the external auditors to satisfy itself that management responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.



J. Brian Kynoch
President



Andre Deepwell
Chief Financial Officer

April 6, 2004