Management's Discussion and Analysis

OVERVIEW

Mineral sales revenues were $210.4 million in 2006 compared to $70.7 million in 2005. Revenue is recognized at the point of title transfer, which usually takes place upon loading concentrates into a ship or railcar for delivery to a smelter. Mineral sales revenues were higher in 2006 compared to 2005 primarily due to higher copper prices and a full year of operation of the Mount Polley mine which began milling operations on March 8, 2005.

Operating income for 2006 increased to $96.6 million from $1.5 million in 2005. Equity income from the Huckleberry mine was also higher at $33.7 million compared to $29.9 million in the comparative year. Cash flow increased to $70.4 million in 2006 compared to $8.2 million in 2005. The $62.2 million improvement is the result of higher copper prices and higher sales volumes at the Mount Polley mine in the 2006 compared to 2005. Cash flow is a measure used by the Company to evaluate its performance, however, it is not a term recognized under generally accepted accounting principles. Cash flow is defined as cash flow from operations before the net change in working capital balances.

Capital expenditures were $23.7 million, down significantly from $49.5 million in the previous year when the capital expenditure program associated with restart of mine operations was being completed.

Expenditures in 2006 were financed primarily from cash flow from the Mount Polley mine, supplemented by a limited amount of long term debt and issue of share capital. At December 31, 2006 the Company had $22.0 million in cash and cash equivalents.

Net income for the year ended December 31, 2006 was $82.0 million compared to $21.6 million in the prior year.

During the September 2006 quarter the Company commenced a takeover bid for bcMetals Corporation acquiring about 19% of bcMetals to December 31, 2006 at a cost of $7.1 million. The Red Chris project in Northern British Columbia is bcMetals main mineral asset. As of March 16, 2007 the Company had acquired 97.8% of bcMetals at a cost of approximately $68.0 million which was funded through cash on hand and a $40.0 million short term loan facility.

Derivative Instruments

The Company has not hedged gold, silver or the CDN/US Dollar exchange rate, only copper. During 2006 the Company recorded $26.6 million in losses on derivative instruments for copper compared to $11.6 million in 2005. These losses result from the mark to market valuation of the derivative instruments based on changes in the price of copper. The Company does not use hedge accounting therefore accounting rules require that derivative instruments be recorded at fair value on each balance sheet date, with the adjustment resulting from the revaluation being charged to the statement of income as a gain or loss.

The Company has an unrealized net income position on its derivative instruments of $7.7 million at December 31, 2006. This represents an increase in fair value of the derivative instruments from the dates of purchase to December 31, 2006 primarily due to the decline in the price of copper in the month of December 2006.

Derivative instruments were first put in place in July and August 2005 to provide cash flow certainty in the post start up phase of operations when debt repayments were highest. Under these contracts the Company sold copper under a zero cost min/max hedging arrangement where the Company participates in price increases up to US$1.65/lb and receives downside price protection of US$1.35/lb. Of the 22.5 million lbs of copper sold under these derivative instruments, 1.9 million lbs of copper settled during 2005 and the balance in 2006.

The hedges put in place in February/March 2006 totaled 8.3 million lbs of copper, and settled in the period July to December 2006. Under these contracts the Company participated in price increases up to US$2.60/lb and received downside price protection of US$1.80/lb.

New hedges were entered into in the latter half of 2006 for the sale of 35.9 million lbs of copper under zero cost min/max hedging arrangements where the Company participates in price increases ranging from US$3.37/lb to US$3.68/lb (average US$3.51/lb) and receives downside price protection ranging from US$2.90/lb to US$3.00/lb (average of US$2.98/lb). These hedges cover primarily the last three quarters of 2007 and were put in place to protect a substantial portion of 2007 revenues.

In March 2007 the Company added to its hedge position with the sale of 19.8 million lbs of copper under zero cost min/max arrangements whereby the Company participates in price increases to US$3.06/lb and receives downside price protection at US$2.50/lb. These hedges cover the period April 2007 to March 2008.

Approximately 69% of estimated 2007 copper settlements, inclusive of the Company's 50% interest in Huckleberry to be proportionately consolidated commencing January 1, 2007, are hedged. The hedges are comprised of 50.4 million lbs under zero cost min/max arrangements at an average floor price of US$2.75/lb and an average ceiling price of US$3.27/lb plus forward sales for the sale of 7.4 million lbs at an average price of US$2.62/lb.

Refer to Note 13 to the audited consolidated financial statements for the year ended December 31, 2006 for further details.

The Company provides security for its marginable hedges in the form of cash deposits to cover potential losses in excess of the credit facilities granted to the Company. At December 31, 2006 the Company had $1.3 million on deposit in connection with its marginable hedges. Included therein is a $1.1 million cash deposit, along with other security granted by the Company, was being held as security for a margin free hedging facility that was put in place during 2006. The cash deposit for this facility was released in early 2007. As these hedges settle, and/or if the price of copper declines, these funds will be released to the Company.

Selected Annual Financial Information

Years Ended December 31	2006	2005	2004
Total Revenues	$ 211,446,752	$ 71,077,050	$ 1,124,665
Net Income	$ 82,007,108	$ 21,568,751	$ 3,639,547
Net Income per share	$ 2.75	$ 0.77	$ 0.14
Diluted Income per share	$ 2.69	$ 0.74	$ 0.13
Working Capital (Deficiency)	$ 37,092,611	$ (18,885,531)	$ 1,321,706
Total Assets	$ 214,096,355	$ 135,433,507	$ 48,747,213
Total Long Term Debt (including current portion)	$ 15,571,579	$ 18,798,110	$ 8,623,057
Cash dividends declared per common share	$ 0.00	$ 0.00	$ 0.00
Cash Flow [1]	$ 70,363,511	$ 8,200,193	$ (3,831,581)
Cash Flow per share [1]	$ 2.36	$ 0.29	$ (0.15)

[1] 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 the 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.

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

FORWARD LOOKING STATEMENTS

This Management Discussion and Analysis is a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of March 16, 2007. 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 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 2006

General

The year 2006 was the first full year of production from the Mount Polley mine after restart of milling operations on March 8, 2005. Mine operations in 2006 were focused on maximizing Wight Pit ore production.

Copper prices were substantially higher in 2006 than in 2005, averaging about US$3.05/lb compared to US$1.67/lb in 2005. The US Dollar fluctuated in a downward trend during 2006 rallying late in the year to close at almost the same level as at December 31, 2005. Even with the decline in the average exchange rate the price of copper in CDN Dollar terms was substantially higher averaging CDN$3.46/lb in 2006 compared to CDN$2.02/lb in 2005. While decreases in the US Dollar/CDN Dollar exchange rate have a negative impact on US Dollar revenues when translated to CDN Dollars, they have a positive impact on US Dollar denominated long term debt in CDN Dollars.

Continued increases in certain costs resulting from changes in market conditions for such items as labour, fuel and other consumables, will impact the profitability of Mount Polley and of resource projects generally. The Company will seek to adopt exploration and development strategies that will mitigate the impact of these new market conditions.

Exploration

Exploration expenditures at Mount Polley were $3.0 million in 2006 compared to $5.5 million in 2005. With the expanded land base, ongoing exploration at Mount Polley consists of identification of additional mineralized zones and expansion of identified zones. Drilling, which recommenced in January 2006, provided encouraging results from the C2 and Boundary zones. Drilling in 2006 included 123 diamond drill holes totaling 26,240 metres compared to 99 diamond drill holes totaling 39,481 metres and 160 percussion drill holes totaling 4,391 metres in 2005. Exploration at Mount Polley will be directed at finding near surface ore to provide supplemental feed to the mill and to find additional northeast zone type deposits. Planned exploration expenditures at Mount Polley for 2007 total approximately $7.5 million.

At Huckleberry a 12 hole diamond drilling program that commenced in April 2006 at the Main Zone Extension provided additional information for the reevaluation of mining this zone. These results coupled with higher copper price have improved the economics of this zone such that in July 2006 the Board of Huckleberry announced that it had approved management's recommendation to proceed with the extension of the Main Zone Pit.

Preparations for exploration at the 144 Zone and surface exploration of other targets in the vicinity of Sterling continued in 2006. The Company completed a $6.3 million non-brokered private placement in the spring of 2006 to fund this exploration. The lack of available drill rigs in Nevada has delayed the start of exploration drilling. Drilling will commence as soon as a drilling

contractor can be hired. Construction of a 1,200 metre underground ramp to access the 144 Zone commenced in late 2006. The underground development is expected to be completed by the fourth quarter of 2007 and will be followed by underground drilling with the overall objective being to outline sufficient reserves to restart mine operations. Mineral resources for the 144 Zone drilled to date are 194,640 tonnes, grading 7.41 g/t gold containing over 45,000 ounces of gold. Sterling's land package was greatly expanded over the last two years and exploration is ongoing to determine the best targets for drilling.

At the 100% owned Giant Copper property in southwest British Columbia two holes were drilled in 2006 with encouraging results. The Company is planning to drill a further 10,000 metres on the Giant Copper property during 2007 at a cost of approximately $1.2 million.

Huckleberry Mines Ltd.

The financial results of Huckleberry have a significant impact on Imperial. Huckleberry generated $33.7 million in equity income to Imperial in 2006 compared to $29.9 million in 2005. Equity income in 2005 included a one time future income tax recovery of $9.6 million while the 2006 equity income included a deduction of $9.8 million of future income tax expense. Note 4 to the audited consolidated financial statements of the Company discloses the impact of Huckleberry operations on the financial position and results of operations of Imperial.

The Company owns 50% of Huckleberry Mines Ltd, the owner and operator of the Huckleberry mine. Huckleberry started the year 2006 with cash and cash equivalents and short term investments of $66.3 million and generated $96.9 million in cash from operations in 2006. These cash resources were applied to fully repay $121.4 million in long term debt in 2006 and as a result Huckleberry is debt free.

Exploration efforts in 2005 were directed at delineation of the copper mineralization that extends directly north of the Huckleberry Main Zone Pit. During 2006 Huckleberry confirmed the economic viability of mining this zone and made the decision to commence mining the Main Zone Pit extension extending the mine life until 2010. A limited drilling program was also completed in 2006 at Whiting Creek, an exploration property owned by Huckleberry. Exploration at Huckleberry will continue in 2007 with the goal of locating additional resources to extend its mine life.

Effective January 1, 2007 Imperial regained joint control of Huckleberry and therefore in accordance with generally accepted accounting principles the Company will account for Huckleberry on the proportionate consolidation basis commencing January 1, 2007.

As a result of the change in accounting for Huckleberry to the proportionate consolidation basis commencing January 1, 2007 movement of cash between Huckleberry and Imperial via payment of dividends will not be reflected in Imperial's consolidated financial statements because Imperial will have recorded its proportionate share of Huckleberry cash effective January 1, 2007.

bcMetals Corporation

In mid 2006 the Company launched a takeover bid for bcMetals Corporation, owner of the Red Chris project located in northern British Columbia. The Red Chris project has received Federal and Provincial environmental approvals for mine development. A bcMetals feasibility study on the Red Chris property indicates a 25 year mine life at 30,000 tons per day with reserves of 276 million tonnes grading 0.349% copper and 0.266 g/t gold.

To December 31, 2006 the Company acquired a 19% interest in bcMetals at a cost of $7.1 million. As of March 5, 2007 the Company owned 97.8% of bcMetals at a cost of approximately $68.7 million, The acquisition of bcMetals was funded from cash on hand and a $40.0 million short term loan facility. The remaining shares of bcMetals are expected to be acquired by the Company in accordance with securities regulations.

The development of the Red Chris project into a mine is dependant upon a number of factors including on the construction of a power line to service the northwest portion of British Columbia.

RISK FACTORS

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains only to conditions currently known to management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Risks Inherent in the Mining and Metals Business

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. Mineral properties are often non productive for reasons that cannot be anticipated in advance. Title Claims can impact the exploration, development, operation and sale of any natural resource project. Availability of skilled people, equipment and infrastructure (including roads, ports, power supply) can constrain the timely development of a mineral deposit. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse governmental action. The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company.

Commodity Price Fluctuations and Hedging

The results of the Company's operations are significantly affected by the market price of base metals and gold which are cyclical and subject to substantial price fluctuations. Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, expectations with respect to the rate of inflation, the relative strength of the US Dollar and of certain other currencies, interest rates, global or regional political or economic crises and sales of gold and base metals by holders in response to such factors. If prices should decline below the Company's cash costs of production and remain at such levels for any sustained period, the Company could determine that it is not economically feasible to continue commercial production at any or all of its mines.

The objectives of any hedging programs that are in place are to reduce the risk of a decrease in a commodity's market price while optimizing upside participation, to maintain adequate cash flows and profitability to contribute to the long-term viability of the Company's business. There are, however, risks associated with hedging programs including (among other things), an increase in the world price of the commodity, an increase in gold lease rates (in the case of gold hedging), an increase in interest rates, rising operating costs, counter-party risks, liquidity issues with funding margin calls to cover mark to market losses and production interruption events. The Company's results of operations are also affected by fluctuations in the price of labour, electricity, fuel, steel, chemicals, blasting materials, transportation and shipping and other cost components.

Competition for Mining Properties

Because the life of a mine is limited by its ore reserves, the Company is continually seeking to replace and expand its reserves through the exploration of its existing properties as well as through acquisitions of new properties or of interests in companies which own such properties. The Company encounters strong competition from other mining companies in connection with the acquisition of properties.

Sale of Products and Future Market Access

The Company is primarily a producer of concentrates. These must be processed into metal by independent smelters under concentrate sales agreement in order for the Company to be paid for its products. There can be no assurance or guarantee that the Company will be able to enter into concentrate sale agreements on terms that are favorable to the Company or at all. Access to the Company's markets is subject to ongoing interruptions and trade barriers due to policies and tariffs of individual countries, and the actions of certain interest groups to restrict the import of certain commodities. Although there are currently no significant trade barriers existing or impending of which the Company is aware that do, or could, materially affect the Company's access to certain markets, there can be no assurance that the Company's access to these markets will not be restricted in the future.

Mineral Reserves and Recovery Estimates

Disclosed reserve estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations. The Company estimates its mineral reserves in accordance with the requirements of applicable Canadian securities regulatory authorities and established mining standards. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk and are less likely to be accurately estimated or recovered than mineral reserves. The Company's reserves and resources are estimated by persons who are employees of the respective operating Company for each of our operations under the supervision of employees of the Company. These individuals are not "independent" for purposes of applicable securities legislation. The Company does not use outside sources to verify reserves or resources. The mineral reserve and resource figures are estimates based on the interpretation of limited sampling and subjective judgments regarding the grade and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, foreign exchange rates and future metal prices. The sampling, interpretations or assumptions underlying any reserve or resource figure may be incorrect, and the impact on mineral reserves or resources may be material. In addition, short term operating factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different ores, may cause mineral reserve estimates to be modified or operations to be unprofitable in any particular fiscal period. There can be no assurance that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating reserves.

Currency Fluctuations

The Company's operating results and cash flow are affected by changes in the CDN Dollar exchange rate relative to the currencies of other countries, especially the US Dollar. Exchange rate movements can have a significant impact on operating results as a significant portion of the Company's operating costs are incurred in CDN Dollars and most revenues are earned in US Dollars. To reduce the exposure to currency fluctuations the Company may enter into foreign exchange contracts from time to time, but such hedges do not eliminate the potential that such fluctuations may have an adverse effect on the Company. In addition, foreign exchange contracts expose the Company to the risk of default by the counterparties to such contracts, which could have a material adverse effect on the Company.

Interest Rate Risk

The Company's exposure to changes in interest rates results from investing and borrowing activities undertaken to manage liquidity and capital requirements. The Company has incurred indebtedness that bears interest at fixed and floating rates, and may enter into interest rate swap agreements to manage interest

rate risk associated with that debt. There can be no assurance that the Company will not be materially adversely affected by interest rate changes in the future, notwithstanding its possible use of interest rate swaps. In addition, the Company's possible use of interest rate swaps exposes it to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on the Company.

Financing

The amount of cash currently generated by the Company's operations may not be sufficient to fund projected levels of exploration and development activity and associated overhead costs. The Company may then be dependant upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available on terms acceptable to the Company or at all.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. The Company's historical operations have generated chemical and metals depositions in the form of tailing ponds, rock waste dumps, and heap leach pads. There can be no assurances that the Company will at all times be in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environment regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

Foreign Activities

The Company operates in the United States and from time to time in other foreign countries where there are added risks and uncertainties due to the different legal, economic, cultural and political environments. Some of these risks include nationalization and expropriation, social unrest and political instability, uncertainties in perfecting mineral titles, trade barriers and exchange controls and material changes in taxation. Further, developing country status or unfavorable political climate may make it difficult for the Company to obtain financing for projects in some countries.

Legal Proceedings

The nature of the Company's business may subject it to numerous regulatory investigations, claims, lawsuits and other proceedings. The results of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on the Company.

CRITICAL ACCOUNTING ESTIMATES

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, depreciation and writedowns. All costs related to the acquisition, exploration and development of mineral exploration properties are capitalized by property. Capitalized costs include interest and financing costs for amounts borrowed for initial mine development and plant construction, and operating costs, net of revenues, incurred prior to the commencement of commercial production. On the commencement of commercial production, net costs are charged to operations using 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 four to twelve 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 estimated 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.

(b) Depreciation, Depletion and Amortization

Described in (a) above are the methods 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 using 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

The Company initially recognizes 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 is 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 are also made in each period for changes in the estimated amount, timing and cost of the future work to be carried out.

(d) Share Based Compensation
The fair value of stock options at the date of grant are 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.

(e) Derivative Instruments
The Company uses derivative financial instruments to manage its exposure to commodity prices. Derivative financial instruments are measured at fair value and reflected on the balance sheet. If a derivative financial instrument qualifies for hedge accounting then the gains or losses from it are linked with the underlying asset, liability or cash flow stream being hedged. Gains or losses resulting from changes in the fair value of hedged items are included in income or expense on the date the related hedged item is settled. Hedge accounting conditions include formal documentation of the hedge transaction and tests to ensure the effectiveness of the hedge. If all the required conditions are not met at the inception of the hedge and over its life, then hedge accounting is not allowed, and any gains or losses resulting from the changes in the fair value of the derivative financial instrument are included in income at each balance sheet date.

(f) Convertible Debentures
Convertible debentures are a compound financial instrument. Accordingly, the fair value of the conversion privilege forming part of the convertible debenture is classified as part of shareholders' equity with the balance of the proceeds classified as a financial liability. The carrying value of the financial liability is accreted to the principal amount as additional interest expense over the term of the convertible debenture.

(g) Revenue Recognition
Estimated mineral revenue, based upon prevailing metal prices, is recorded in the financial statements when title to the concentrate transfers to the customer which generally occurs on date of shipment. Revenue is recorded in the statement of income net of treatment and refining costs paid to counter parties under terms of the off take arrangements. The estimated revenue is recorded based on metal prices and exchange rates on the date of shipment and is adjusted at each balance sheet date to the date of settlement metal prices. The actual amounts will be reflected in revenue upon final settlement, which is usually four to five months after the date of shipment. These adjustments reflect changes in metal prices and changes in quantities arising from final weight and assay calculations.

(h) Income Taxes
The Company accounts for income taxes using the asset and liability method. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of income tax assets, including unused tax losses, are recognized subject to a valuation allowance, to the extent that it is more likely than not that such assets will be ultimately realized. These future income tax assets and liabilities are measured using substantially enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized.

The tax deduction for the expenditures incurred related to flow through share financings has been assigned to the related shareholders, resulting in a future income tax liability which has been recorded as a charge to share capital when the expenditures are renounced. Any change in the valuation allowance relating to this future income tax liability is recorded as a future income tax recovery in the statement of income.

RECENT CANADIAN ACCOUNTING PRONOUNCEMENTS

Over the next few years Canadian generally accepted accounting principles for public companies will be updated to conform with International Financial Reporting Standards. The implications of these changes on the financial reporting of the Company is not yet known.

The Canadian Institute of Chartered Accountants has issued a number of pronouncements that will affect the Company's financial reporting in 2007 and beyond. These pronouncements have varying commencement dates. The Company is currently evaluating the implications of these pronouncements on its financial reporting. These pronouncements include:

(a) Section 1530 Comprehensive Income
This section establishes standards for the reporting and display of comprehensive income. It does not address issues of recognition or measurement for comprehensive income or its components.

(b) Earnings per Share
Proposed changes would amend the computational guidance in Section 3500 for calculating the number of incremental shares included in diluted earnings per share when applying the treasury stock method.

(c) Section 3251 Equity
This section established standards for the presentation of equity and changes in equity during the reporting period.

(d) Section 3855 Financial Instruments – Recognition and Measurement
This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives based on four fundamental decisions which serve as cornerstones underlying this section.

(e) Section 3861 Financial Instruments – Disclosure and Presentation
This section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. The presentation paragraphs deal with classification matters while the presentation paragraphs deal with information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and their business purposes and risks.

(f) Section 3865 Hedges
This section establishes standards for when and how hedge accounting, which is optional, may be applied. This section is based on the same four fundamental decisions that serve as cornerstones for Section 3855 above.

(g) Section 3051 Investments
This section continues to establish standards for accounting for investments subject to significant influence and for measuring and disclosing certain other non-financial instruments investments. This section also contains new guidance on when an other-than-temporary decline in value of an investment remaining subject to the section has occurred.

(h) Section 1535 Capital Disclosures
This section establishes standards for disclosing information about an entity's capital and how it is managed.

(i) Inventories
Proposed changes would provide more guidance on the measurement and disclosure requirements for inventories than those currently in place. The proposals also provide guidance on the cost formulas used to assign costs to inventories.

(j) Business Combinations
Proposed changes would provide new standards that will harmonize with the converged US Financial Accounting Standards Board's and the International Accounting Standards Board's standards on business combinations and with their guidance on accounting for non-controlling interests.

(k) Income Taxes Arising from Partnership Income
An entity may earn income from an interest in a partnership that has a different financial year end than the entity's. The new EIC from the Emerging Issues Committee will seek to clarify the diversity in accounting practice that currently exists for income taxes arising from partnership income.

CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2006, the Company adopted, on a retroactive basis, the new recommendations of the Canadian Institute of Chartered Accountants with respect to stripping costs, EIC 160 Stripping Costs Incurred in the Production Phase of a Mining Operation. The new recommendations require the costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations be included in the cost of the inventory produced, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortized over the reserve accessed by the stripping activity using the unit-of-production method.

The standard has been applied retroactively and there is no adjustment to prior years' financial statements as the Company's accounting for stripping costs in prior years was in accordance with the new standard.

As disclosed in Note 6 to the audited consolidated financial statements of the Company the December 31, 2006 balance of deferred stripping charges was $4,250,235. In accordance with EIC 160, the carrying value of the deferred stripping charges as at December 31, 2006 will continue to be amortized over the life of the related mining assets on a unit-of-production basis.

Effective with the commencement of commercial production in 2005 the Company revised its policy for revenue recognition such that estimated revenue is recorded based on metal prices and exchange rates at the date of shipment and is adjusted at each balance sheet date to the date of settlement metal prices. The actual amounts will be reflected in revenue upon final settlement, which is usually four to five months after the date of shipment. These adjustments reflect changes in metal prices, changes in currency exchange rates and changes in quantities arising from final weight and assay calculations. In prior years revenue was recorded based on metal prices at the date of shipment and adjusted to final metal prices on the date of settlement. This change did not result in a material impact on the comparative figures or opening deficit in the consolidated financial statements. Mineral revenue, based upon prevailing metal prices, is recorded in the financial statements when title to the concentrate transfers to the customer which generally occurs on date of shipment. Revenue is recorded in the statement of income net of treatment and refining costs paid to counter parties under terms of the off take arrangements.

RESULTS OF OPERATIONS FOR 2006 COMPARED TO 2005

This review of the results of operations should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2006.

Financial Results

Overview
Operating revenues increased to $211.4 million for the year ended December 31, 2006 from $71.1 million in the year ended 2005. The 2006 revenues increased by $140.3 million due to the higher copper prices and larger sales volumes from inclusion of a full year of production from the Mount Polley mine in 2006.

In the year ended December 31, 2006 Imperial recorded net income of $82.0 million ($2.75 per share) compared to net income of $21.6 million ($0.77 per share) in the prior year. The higher net income in 2006 was primarily from the improved contribution from the Mount Polley mine due to higher copper prices on higher sales volumes.

The financial results of the Company are also closely tied to those of the Huckleberry mine. The Company's share of Huckleberry's net income in the year ended December 31, 2006 was $33.7 million compared to $29.9 million in 2005. Equity income from Huckleberry in 2005 included a $9.6 million future income tax recovery compared to a $9.8 million future income tax expense in 2006.

Imperial's 2006 net income was after deduction of $26.6 million in losses on derivative instruments resulting from the sharp rise in the price of copper in the first half of 2006. These derivative instruments were put in place to provide cash flow protection for the Mount Polley mine operations. The 2005 net income was after deduction of $11.6 million in losses on derivative instruments resulting from the rise in the price of copper in the latter part of 2005. These derivative instruments were put in place to provide cash flow protection for the Mount Polley mine during the post startup phase of operations when debt repayments were highest.

Mineral Production and Transportation Costs

Mineral revenues and production costs represent the costs related to the concentrate sold from the Mount Polley mine. The increase reflects a full year of production in 2006 versus a partial year in 2005.

Mineral Property Holding Costs

Mineral property holdings costs decreased to $0.8 million in the year ended December 31, 2006 compared to $1.1 million in the year ended December 31, 2005. The reduction is attributable to Mount Polley holding and operating costs which are now included with inventory production costs and charged to mineral production costs upon sale of the concentrate.

Depletion, Depreciation and Amortization

Depletion, depreciation and amortization increased to $12.9 million in 2006 from $7.9 million in 2005 as a result of the resumption of operations at the Mount Polley mine.

General and Administration

General and administration expense increased to $2.0 million in 2006 from $1.4 million in 2005 as corporate activities increased during 2006 requiring additional staff, higher compensation and support costs related to the expanded activities of the Company.

Share Based Compensation

Share based compensation expense increased to $2.1 million in 2006 from $0.8 million in 2005 as a result of the options granted in August 2005, January 2006 and May 2006.

Interest Expense on Long Term Debt

Interest expense on long term debt increased to $1.9 million in 2006 from $1.6 million in 2005 due to the loans for the acquisition of mobile mine equipment at Mount Polley and the convertible debentures being outstanding for a full year in 2006 versus a partial year in 2005.

Other Interest Expense

Other interest expense totaled $2.4 million in 2006 versus $1.1 million in 2005. The Company required significantly higher levels of short term debt in the first half of 2006 to fund margin calls on derivative instruments. Substantially all short term debt was repaid in the third quarter of 2006.

Interest Accretion on Short and Long Term Debt

Interest accretion increased to $1.3 million from $1.1 million in 2004. The increase is due to the convertible debentures being outstanding for the full year in 2006 and the new short term debt added in mid 2006.

Amortization of Deferred Financing Charges

The amortization of the deferred financing charges associated with the convertible debentures and the Line of Credit facility totaled $1.0 million in 2006 compared to $1.1 million in 2005. The decline is due to completion of the amortization of the Line of Credit facility financing charges in June 2006. Amortization thereafter relates solely to the convertible debentures.

Foreign Exchange Gain on Long Term Debt

The foreign exchange gain on US Dollar denominated long term debt was under $0.1 million in both 2006 and 2005. The gain is all related to US Dollar denominated long term debt added by the Company during 2005. During the year ended December 31, 2006 the CDN Dollar strengthend slightly during the year against the US Dollar resulting in a gain to the Company.

Other Foreign Exchange Loss

The $0.1 million foreign exchange loss recorded in 2006 and the $0.2 million foreign exchange loss is mostly attributable to foreign exchange losses on US Dollar denominated accounts receivable and derivative instruments, partially offset by gains on short term debt. These US Dollar balances are the result of the operations at the Mount Polley mine.

Losses on Derivative Instruments

During the year ended December 31, 2006 the Company entered into additional hedge contracts for the sale of a total of 48.3 million lbs of copper to protect the Company's cash flow against a decline in the price of copper primarily during the latter half of 2007. None of the Company's contracts qualify for hedge accounting and therefore the Company must mark to market the unrealized gains and losses on all its contracts. Changes in valuation of this hedge position and the hedge position carrying over from 2005 resulted in a loss of $26.6 million during the year ended December 31, 2006 compared to a loss of $11.6 million in 2005. The unrealized net gains on the hedge contracts outstanding at December 31, 2006 totaled $7.7 million. The ultimate gain or loss on these contracts will be determined by the copper prices in the periods when these contracts settle.

Other Income

Other income in 2006 includes $0.2 million in gains on sale of mineral exploration properties and surplus mining equipment compared to gains on sale of mineral exploration properties and surplus mining equipment totaling $0.5 million in 2005.

Income and Mining Taxes (Recovery)

Income and mining taxes increased to $21.8 million in 2006 from a recovery of $1.6 million in 2005. Of the total tax expense $2.4 million was for mineral taxes payable to the Province of British Columbia and the balance as a provision for future income taxes. In 2005 a $2.2 million future income tax recovery on flow through shares resulting from the renouncement of income tax benefits associated with mineral exploration expenditures offset current mineral and capital tax expense of $0.3 million and a $0.3 million future income tax expense provision.

LIQUIDITY & CAPITAL RESOURCES

Cash Flow

The Company had net income of $82.0 million in the year ended December 31, 2006 compared to net income of $21.6 million in 2005. Cash flow was $70.4 million in 2006 compared to cash flow of $8.2 million in the prior year. The increase in 2006 was the result of resumption of operations at Mount Polley in March 2005 and therefore higher sales volumes coupled with higher metal prices which increased the cash flow generated from operations at the Mount Polley mine. Cash flow is a measure used by the Company to evaluate its performance however, it is not a term recognized under generally accepted accounting principles. Cash flow is defined as cash flow from operations before the net change in working capital balances.

Working Capital

At December 31, 2006 the Company had working capital of $37.1 million, an improvement of $56.0 million from a working capital deficiency of $18.9 million at December 31, 2005. The December 31, 2005 working capital position reflected the financing arrangements made to restart operations, which included a $14.5 million Line of Credit facility that was repaid in mid 2006. With the Mount Polley mine in operation at historically high copper prices the mine is generating substantial cash flow which will continue to improve the working capital position of the Company and provide cash for acquisitions, debt reduction, and reinvestment in operations and exploration.

Property Expenditures and Other Investment Activities

Property acquisition and development expenditures were $19.7 million in 2006 compared to $43.8 million in 2005. Expenditures in 2005 were all related to the restart of the Mount Polley mine and included the remaining capital costs, tailings dam, concentrate load out facilities, and pit stripping. The 2006 expenditures, primarily for Mount Polley tailings dam construction and the purchase of mobile mine equipment, was financed from cash flow from operations and from the proceeds received from exercise of warrants and options as well as from short term debt.

Exploration expenditures were $4.0 million in 2006 compared to $5.7 million in 2005 when more exploration diamond drills were operating on the Mount Polley property. The expenditures in both years were primarily for exploration at Mount Polley however in 2006 significant amounts were also spent on Giant Copper and the exploration properties surrounding Sterling.

Debt repayment and working capital requirements for 2007 are expected to be met from cash on hand and cash flow generated by Mount Polley and Huckleberry. The Company currently does not forecast the requirement for any long term debt or equity financings during 2007 however long term debt may be utilized when terms are favourable.

The acquisition of bcMetals, which was completed in early 2007, was financed by cash on hand and a $40.0 million credit facility from a related party.

Debt and Other Obligations

During the year ended December 31, 2006 the Company financed a portion of its capital expenditures through a $2.4 million long term debt via a five year equipment finance contract at a floating interest rate.

Select use of short term debt during the first half of 2006 from purchasers of the Company's concentrate was used to provide working capital to meet day to day cash requirements. A short term debt arrangement to assist with the purchase of $2.9 million of mobile mining equipment was completed in mid 2006. The short term funding to assist in meeting margin calls on derivative instruments continued to be utilized extensively in the first half of 2006 until these losses were settled and the short term debt fully repaid.

During the year ended December 31, 2005 the Company financed the balance of the Mount Polley restart expenditures from a number of short and long term debt sources.

Short term financing sources in 2005 included a $14.5 million revolving Line of Credit facility that was repaid in 2006 and short term debt facilities with the purchasers of the Company's concentrate to provide working capital. These were repaid upon receipt of proceeds from the sale of the concentrate. Other than a short term obligation of $1.9 million related to the purchase of some mobile mining equipment the Company had no short term debt at December 31, 2006.

Long term financing sources in 2005 included 6.15% fixed rate $12.9 million loan repayable over a four year term to finance mobile mining equipment.

In addition an aggregate of $20.0 million convertible debentures were issued in March 2005 to fund the restart of the Mount Polley mine. These debentures bear interest at 6% per annum and are due in March 2010. They are convertible into common shares of the Company at the option of the holder at any time prior to maturity at a conversion price of $8.65 per common share. In accordance with the accounting standards for convertible instruments the net proceeds of the convertible debenture has been allocated between debt and equity components at the date of issue and reflected as such in the Consolidated Balance Sheet of the Company. As of December 31, 2006 debentures with a face value of $6.0 million had been converted into common shares leaving a face value of $14.0 million in debentures outstanding.

Payments on the non interest bearing Mount Polley Mine Construction Loan of $4.1 million are only due when the mine and mill are in operation. Payments are limited to $116,667 per month, to a maximum of $1,166,667 per year and commenced in April 2005 based on mining and milling operations resuming at Mount Polley in March 2005. By agreement with the lender, repayments commenced in October 2005 at double the normal rate until the deferred amounts were repaid in early 2006. This debt is similar in nature to a capped royalty on operations. This debt is non recourse to Imperial and secured only by the mining property assets on which the funds were invested.

The Company had the following contractual obligations as of December 31, 2006:

	2007	2008	2009	2010	2011	Total
Short term debt	$ 1,869,000	$ –	$ –	$ –	$ –	$ 1,869,000
Long term debt	6,061,000	4,847,000	2,948,000	1,049,000	667,000	15,572,000
Convertible debentures [1]	–	–	–	13,980,000	–	13,980,000
Operating leases	195,000	120,000	79,000	16,000	4,000	414,000
Capital expenditures and other	250,000	–	–	–	–	250,000
Mineral properties [2]	291,000	256,000	339,000	395,000	350,000	1,631,000
Total	$ 8,666,000	$ 5,223,000	$ 3,366,000	$ 15,440,000	$ 1,021,000	$ 33,716,000

[1] Assumes non conversion of debentures.
[2] Mineral property commitments are payments required to keep the claims or option agreements in good standing. Total for 2011 is for the year 2011 only.

Debt repayment and working capital requirements for 2007 are expected to be met from cash on hand and cash flow generated by Mount Polley and Huckleberry and other debt or equity financings as may be required. The acquisition of bcMetals in 2007 was partially funded by a $40.0 million short term loan facility.

As at December 31, 2006, the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Selected Quarterly Financial Information

	Three Months Ended			
	December 31 2006	September 30 2006	June 30 2006	March 31 2006
Total Revenues	$ 45,659,422	$ 57,154,486	$ 81,317,766	$ 27,315,078
Equity Income from Huckleberry	$ 737,340	$ 12,035,084	$ 16,934,081	$ 3,985,441
Net Income	$ 23,827,325	$ 30,955,181	$ 26,564,655	$ 659,947
Income per share [1]	$ 0.79	$ 1.03	$ 0.89	$ 0.02
Diluted Income per share [1]	$ 0.75	$ 0.99	$ 0.87	$ 0.02
Cash Flow [2]	$ 18,810,712	$ 36,341,749	$ 13,235,299	$ 1,975,751
Cash Flow per share [1] [2]	$ 0.62	$ 1.21	$ 0.44	$ 0.07
Average LME cash settlement copper price/lb in US$	$ 3.215	$ 3.479	$ 3.289	$ 2.243
Average US/CDN$ exchange rate	$ 1.139	$ 1.121	$ 1.122	$ 1.155
Period end US/CDN$ exchange rate	$ 1.165	$ 1.115	$ 1.115	$ 1.167

	Three Months Ended			
	December 31 2005	September 30 2005	June 30 2005	March 31 2005
Total Revenues	$ 43,037,463	$ 27,859,599	$ 134,213	$ 45,775
Equity Income from Huckleberry	$ 15,293,054	$ 7,909,923	$ 3,262,590	$ 3,461,683
Net Income	$ 9,691,522	$ 5,583,588	$ 2,347,305	$ 3,946,336
Income per share [1]	$ 0.34	$ 0.20	$ 0.08	$ 0.14
Diluted Income per share [1]	$ 0.34	$ 0.20	$ 0.08	$ 0.14
Cash Flow [2]	$ 4,752,732	$ 5,684,263	$ (1,091,757)	$ (1,145,045)
Cash Flow per share [1] [2]	$ 0.17	$ 0.20	$ (0.04)	$ (0.04)
Average LME cash settlement copper price/lb in US$	$ 1.951	$ 1.704	$ 1.537	$ 1.482
Average US/CDN$ exchange rate	$ 1.173	$ 1.201	$ 1.244	$ 1.227
Period end US/CDN$ exchange rate	$ 1.166	$ 1.161	$ 1.226	$ 1.210

[1] The sum of the quarterly income per share and cash flow per share amounts does not equal the annual total due to timing of share issuances during the year.
[2] 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 the 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.

Until recommencement of sales from the Mount Polley mine in the September 2005 quarter, the Company's revenues consisted of management fees, interest and other incidental revenue from holding its properties on care and maintenance. Net income during the eight quarters ending December 31, 2006 has been influenced by the steady rise in copper prices which have increased income as a restart of the Mount Polley mine and also generated higher equity income from Huckleberry. The Company began using derivative instruments in the September 2005 quarter and this has impacted the volatility of its quarterly financial results.

Fourth Quarter Results

Mineral sales volumes in the fourth quarter of 2006 were at normal levels, similar to the third quarter of 2006. Sales revenues were depressed by the decline in copper prices in the fourth quarter compared to the third quarter.

Recording of sales revenues is dependant on the availability and scheduling of ocean or rail transportation and therefore variations in quarterly revenue attributed to the timing of concentrate shipments can be expected in the normal course of business.

The Company recorded net income of $23.8 million ($0.79 per share) in the fourth quarter of 2006 compared to net income of $9.7 million ($0.34 per share) in the prior years quarter. The decline in the fourth quarter 2006 compared to the third quarter 2006 was primarily due to the reduction in equity income from Huckleberry in the December 2006 quarter.

The Company added $2.4 million of long term debt during the fourth quarter of 2006 to fund the purchase of mobile mining equipment. Expenditures for exploration, mobile mining equipment purchases and ongoing capital projects at the Mount Polley mine totaled $10.8 million during the three months ended December 31, 2006. This was an increase of $9.1 million from the $1.7 million in the 2005 period in capital expenditures and exploration at the Mount Polley mine in 2005. The increased expenditures were for acquisition of mobile mine equipment to upgrade and meet planned production levels.

Related Party Transactions

Huckleberry

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.

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.

Prior to December 1, 2004 Imperial received consulting fees for its services pursuant to a new consulting agreement however, there was no obligation to provide any staff, as mine operations are managed totally by Huckleberry. The consulting fees ceased effective November 30, 2004 due to the repayment by Huckleberry of the $2.5 million in senior ranked loan owed to the Company.

With the return to joint control and proportionate consolidation of Huckleberry commencing January 1, 2007 as described in Note 4 of the audited consolidated financial statements the Company will again receive consulting fees of $100,000 per annum effective January 1, 2007.

Corporate

In September 2006 the Company obtained a $40.0 million credit facility with Edco Capital Corporation ("Edco"), a company controlled by N. Murray Edwards, a significant shareholder of Imperial, to assist with the acquisition of bcMetals. The credit facility is subject to conditions usual in commercial lending transactions of this kind. Interest on the outstanding principal amount and interest on overdue interest will compound monthly at the rate of 9% per annum. A draw fee of 1% will be payable on the amount drawn. The credit facility will expire on November 30, 2007, but its continuance is subject to satisfactory periodic reviews and no adverse changes occurring. The amount drawn down will be evidenced by a promissory note and secured by a floating charge debenture on the Company's assets and a guarantee from its subsidiary, Mount Polley Mining Corporation. In February 2007, the Company drew the full $40.0 million to assist with the purchase of bcMetals Corporation.

During the fourth quarter of 2005, the Company commenced borrowing via short term advances from Edco. These advances were to assist the Company to meet margin calls on its derivative instruments. All amounts due under to Edco were repaid in July 2006. The advances, which bore interest at rates up to 14%, were secured by a guarantee from the Company's subsidiary, Mount Polley Mining Corporation.

In March 2005 the Company issued $20.0 million of convertible debentures with interest payable at 6% per annum. The following insiders of the Company collectively purchased $9.75 million of the convertible debentures: N. Murray Edwards, a significant shareholder of Imperial, Larry Moeller, a director of Imperial, and Brian Kynoch, President of Imperial. Further details on the convertible debentures can be found in Note 9 to the audited consolidated financial statements for the year ended December 31, 2006.

In June 2005 the Company entered into a $14.5 million revolving Line of Credit facility of which $9.5 million was with Edco and $0.5 million was with Larry Moeller, a director of the Company. The facility was secured by a General Security Agreement on the assets of the Company and bore interest at the rate of 8% per year. In consideration of the facility, the lenders were granted warrants to purchase 1,935,750 common shares of the Company at $6.00 per share for a period of 24 months, of which 1,335,000 were issued to the related parties. The facility was fully repaid in mid 2006.

During the fourth quarter of 2005 the Company sold income tax receivables with a face value of approximately $1.3 million to

Correction made April 16th, 2007

Edco at a discount. The effective interest rate charged by Edco on these receivables was 8% per annum. The tax receivables were collected prior to December 31, 2005.

Further details on related party transactions can be found in Note 15 to the audited consolidated financial statements for the year ended December 31, 2006.

OTHER

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls were effective to provide reaonsable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such term are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls and Procedures

The Company evaluated the design of its internal control and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended December 31, 2006. Based on this evaluation, management has consulded that the design of these internal controls and procedures over financial reporting was effective.

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

As of March 16, 2007 the Company had 30,772,398 common shares outstanding. On a diluted basis the Company had 35,765,316 common shares outstanding at March 16, 2007.

OUTLOOK

Operations, Earnings and Cash Flow

Imperial's equity share of production from the Mount Polley mine and the Huckleberry mine is expected to be about 98.0 million lbs copper, 58,800 ounces gold, 596,000 ounces silver and 210,000 lbs molybdenum during 2007 and given continued strong metals prices it is expected to generate strong cash flow for exploration and repayment of debt, including the $40.0 million in short term debt incurred in early 2007 to acquire bcMetals. Cash flow protection for 2007 is supported by derivative instruments that will see the Company receive certain minimum average copper prices as disclosed under the heading Derivative Instruments.

However, the quarterly revenues will fluctuate depending on the timing of concentrate sales which is dependant on the availability and scheduling of transportation.

Net income and income per share are affected a number of external factors including fluctuations in metal prices and changes in the US/CDN Dollar exchange rate. The changes to budgeted 2007 pre tax income before the affects of derivative instruments for changes in key factors is as follows:

Factor	Change in Sensitivity	Effect on Net Income	Effect on Income per Share
Copper price	US$0.10 per lb	$7,400,000	$0.24
US/CDN Dollar Exchange Rate	US$0.01	$1,660,000	$0.05
Gold price	US$10.00 per oz	$44,000	$0.01

Exploration

Exploration expenditures at Mount Polley have been budgeted at $7.5 million for 2007 to complete a minimum of 40,000 metres of diamond drilling. In late 2006 the Company recommenced development and exploration at its wholly owned Sterling mine property near Beatty, Nevada. The program includes the excavation of an underground ramp to access the 144 Zone along with underground and surface drilling. The total cost for Sterling is budgeted at $7.1 million for 2007. Drilling at Giant Copper is budgeted at $1.2 million and the Company's share of Huckleberry's exploration budget for 2007 is budgeted at $0.7 million. An exploration and development budget for Red Chris has not yet been set.

The Company continues to evaluate exploration opportunities both on currently owned properties and on new prospects.

Development

Development of the Red Chris project acquired with the purchase of bcMetals will be dependant on the timing of the construction of a power line to serve the northwest portion of British Columbia. The Company will review the information on the Red Chris project to maximize the economics of the project. Some development work is expected to be completed during 2007 to advance the Red Chris property towards production.

Financing

Debt repayment and working capital requirements for 2007 are expected to be met from cash on hand and cash flow from the Mount Polley and Huckleberry mines. The $40.0 million short term loan facility to assist with the purchase of bcMetals is expected to be repaid from cash flow during 2007. Selective long debt financings may also be entered into during 2007. The Company currently does not forecast the requirement for any equity financings during 2007.

Acquisitions

In early 2007 the Company completed the acquisition of bcMetals and management continues to evaluate potential acquisitions to further grow the Company.