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IMA EXPLORATION INC  
Form 6-K  
June 18, 2004

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of May , 2004.  
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Commission File Number 0-30464  
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IMA EXPLORATION INC.

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(Translation of registrant's name into English)

#709 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, Canada  
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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F [ X ] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes [ ] No [ X ]

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

IMA EXPLORATION INC.  
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(Registrant)

Date June 18, 2004  
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By /s/ Joseph Grosso  
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(Signature)

Joseph Grosso,  
President & CEO

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PROXY (FOR SHAREHOLDERS)

THIS PROXY IS SOLICITED BY MANAGEMENT OF IMA EXPLORATION INC. (THE "COMPANY") FOR USE AT THE ANNUAL AND SPECIAL MEETING OF SECURITYHOLDERS (THE "MEETING") TO BE HELD ON THURSDAY, JUNE 24, 2004 AND ANY ADJOURNMENT THEREOF.

The undersigned registered shareholder of the Company hereby appoints JOSEPH GROSSO, the President, Chief Executive Officer and a director of the Company, or failing this person, SEAN HURD, a director of the Company, or in the place of both of the foregoing, \_\_\_\_\_ (PLEASE PRINT NAME), as proxyholder for and on behalf of the undersigned, with power of substitution, to attend, act and vote for and in the name of the undersigned at the Meeting and at every adjournment thereof, with respect to all [or \_\_\_\_\_] of the common shares of the Company registered in the name of the undersigned. Unless otherwise expressly stated herein by the undersigned, receipt of this proxy, duly executed and dated, revokes any former proxy given to attend and vote at the Meeting and at any adjournment thereof. UNLESS THE UNDERSIGNED DIRECTS OTHERWISE, THE NOMINEE IS HEREBY INSTRUCTED TO VOTE THE COMMON SHARES OF THE COMPANY HELD BY THE UNDERSIGNED AS FOLLOWS:

- |   |                     |                          |  |
|---|---------------------|--------------------------|--|
| <p>1. To determine the number of directors at nine.</p>   | <p>For<br/> _  </p> | <p>Against<br/> _  </p>  | <p>4. To consider, and if pass an ordinary resolution confirm and approve a stock option plan a Shareholders on June</p>   |
| <p>2. To elect as a director:</p> <p>(a) Gerald Carlson..... _  </p> <p>(b) Joseph Grosso..... _  </p> <p>(c) Arthur Lang..... _  </p> <p>(d) Nikolaos Cacos..... _  </p> <p>(e) Sean Hurd..... _  </p> <p>(f) Robert Stuart (Tookie) Angus..... _  </p> <p>(g) Chet Idziszek..... _  </p> <p>(h) David Terry..... _  </p> <p>(i) David Horton..... _  </p> | <p>For</p>          | <p>Withhold<br/> _  </p> | <p>5. To consider, and if t pass a special resolution without amendment, tha Notice of Articles deleting the Pre-Ex Provisions set forth i Regulations of the BUS ACT (British Columbia)</p> <p>6. To consider, and if th a special resolution, amendment, that the Company be deleted i and be replaced wi Articles presented t</p> |
| <p>3. To appoint PricewaterhouseCoopers LLP as auditors for the Company and to authorize the directors to fix their remuneration.</p>   | <p> _  </p>         | <p> _  </p>              | <p>7. To consider, pursuant of the Supreme Court British Columbia, and pass a special reso without amendment, to and adopt a statutory pursuant to sections BUSINESS CORPORATIO Columbia).</p>   |

THIS PROXY MUST BE SIGNED AND DATED. SEE IMPORTANT INSTRUCTIONS ON REVERSE.

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THE UNDERSIGNED REGISTERED SHAREHOLDER HEREBY REVOKES ANY PROXY PREVIOUSLY GIVEN TO ATTEND AND VOTE AT THE MEETING.

SIGNATURE: \_\_\_\_\_ NAME: \_\_\_\_\_ DATE: \_\_\_\_\_  
(PROXY MUST BE SIGNED AND DATED) (PLEASE PRINT)

If someone other than the named registered shareholder signs this Proxy on behalf of such shareholder, documentation acceptable to the Chairman of the Meeting must be deposited with this Proxy granting signing authority to the person signing the proxy. TO BE USED AT THE MEETING, THIS PROXY MUST BE RECEIVED AT THE OFFICES OF COMPUTERSHARE TRUST COMPANY OF CANADA BY MAIL OR BY FAX NO LATER THAN 48 HOURS BEFORE THE MEETING. THE MAILING ADDRESS OF COMPUTERSHARE TRUST COMPANY IS 9TH FLOOR, 100 UNIVERSITY AVENUE, TORONTO, ONTARIO, CANADA M5J 2Y1 AND ITS FAX NUMBER IS 1-866-249-7775. For shares held in a Canadian brokerage account, TELEPHONE VOTING CAN BE COMPLETED AT 1-800-474-7493 (ENGLISH) OR 1-800-474-7501 (FRENCH) AND INTERNET VOTING AT WWW.PROXYVOTECANADA.COM. For shares held in a United States brokerage account, TELEPHONE VOTING CAN BE COMPLETED AT 1-800-454-8683 AND INTERNET VOTING AT WWW.PROXYVOTE.COM.

1. IF THE REGISTERED SHAREHOLDER WISHES TO ATTEND THE MEETING TO VOTE ON THE RESOLUTIONS IN PERSON, please register your attendance with the Company's scrutineers at the Meeting.
2. IF A BENEFICIAL SHAREHOLDER'S SECURITIES ARE HELD BY AN INTERMEDIARY (EG. A BROKER) AND THE SHAREHOLDER WISHES TO ATTEND THE MEETING TO VOTE ON THE RESOLUTIONS, such shareholder may only do so if he, she or it has instructed the intermediary to transfer the registration of such securities under the name of such beneficial shareholder before the record date, being May 12, 2004. Only registered shareholders as at the record date are entitled to vote in person at the meeting, subject to the provisions of the BUSINESS CORPORATIONS ACT (British Columbia).
3. IF THE REGISTERED SHAREHOLDER CANNOT ATTEND THE MEETING BUT WISHES TO vote on the resolutions, the shareholder can APPOINT ANOTHER PERSON, who need not be a shareholder of the Company, to vote according to the shareholder's instructions. To appoint someone other than the nominees named by management, please insert your appointed proxyholder's name in the space provided, sign and date and return the Proxy. Where no choice on a resolution is specified by the shareholder, this Proxy confers discretionary authority upon the shareholder's appointed proxyholder to vote for or against that resolution.
4. IF A REGISTERED SHAREHOLDER CANNOT ATTEND THE MEETING BUT WISHES TO vote on the resolutions and to APPOINT ONE OF THE INDIVIDUALS NAMED BY MANAGEMENT as proxyholder, please leave the wording appointing such individual as shown, sign and date and return the Proxy. Where no choice is specified by the shareholder on a resolution shown on the Proxy, an individual appointed by management acting as proxyholder will vote the securities as if the shareholder had specified an affirmative vote.

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5. The securities represented by this Proxy will be voted in accordance with the instructions of the registered shareholder on any ballot of a resolution that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. With respect to any amendments or variations in any of the resolutions shown on the Proxy, or matters which may properly come before the Meeting, the securities may be voted by the individual appointed as the proxyholder, in its sole discretion, sees fit.
6. If a registered shareholder votes by completing and returning the Proxy, such shareholder may still attend the Meeting and vote in person should such shareholder later decide to do so. To vote in person at the Meeting, the shareholder must revoke the Proxy in writing as set forth in the Management Proxy Circular.
7. This Proxy is not valid unless it is dated and signed by the shareholder or by such shareholder's attorney duly authorized by such shareholder in writing, or, in the case of a company, by its duly authorized officer or attorney for the company. If the Proxy is executed by an attorney for an individual shareholder or joint shareholders or by an officer or an attorney of a corporate shareholder, the instrument so empowering the officer or the attorney, as the case may be, or a notarial copy thereof, must accompany the Proxy.
8. A Proxy to be effective, must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Fax (within North America): 1-866-249-7775 Fax (outside North America): 416-263-9524, Email: caregistryinfo@computershare.com, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the meeting or any adjournment thereof.



SUPPLEMENTAL MAILING LIST RETURN CARD  
(National Instrument 54-102)

NOTICE TO SHAREHOLDERS OF IMA EXPLORATION INC.

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On June 3, 2002, the Minister of Finance gave approval to National Instrument 54-102 - Interim Financial Statement and Report Exemption (the "Instrument") which essentially established a framework for communication between issuers and their registered and non-registered shareholders.

Companies incorporated in British Columbia were formerly required to deliver interim (semi-annual) financial statements only to their registered shareholders. The Instrument now exempts companies from having to deliver these statements to their registered shareholders if the companies send 1st, 2nd and 3rd quarter financial statements to those shareholders, whether registered or not, who request in writing to receive them.

If you are a registered or non-registered shareholder, and wish to be placed on a supplemental mailing list for the receipt of these financial statements, you must complete and return the Supplemental Return Card below.

The supplemental mailing list will be updated each year and, therefore, a Return Card will be required annually in order to receive quarterly financial statements. All other shareholder mailings will continue to be mailed to registered shareholders in the normal manner without the completion of a Return Card.

=====

TO: IMA EXPLORATION INC. (the "Company")

The undersigned certifies that he/she/it is the owner of securities (other than debt instruments) of the Company, and requests that he/she/it be placed on the Company's Supplemental Mailing List in respect of its quarterly financial statements.

-----  
NAME (PLEASE PRINT)

-----  
ADDRESS

-----  
CITY/PROVINCE (OR STATE)/POSTAL CODE

-----  
SIGNATURE OF SHAREHOLDER, OR IF SHAREHOLDER IS A COMPANY, SIGNATURE OF AUTHORIZED SIGNATORY. DATED

PLEASE COMPLETE AND RETURN THIS DOCUMENT ALONG WITH YOUR PROXY IN THE ATTACHED ENVELOPE OR AS INDICATED BELOW. AS THE SUPPLEMENTAL LIST WILL BE UPDATED EACH YEAR, A RETURN CARD WILL BE REQUIRED FROM YOU ANNUALLY IN ORDER FOR YOUR NAME TO REMAIN ON THE LIST.

Computershare Trust Company of Canada  
100 University Avenue, 9th Floor  
Toronto, Ontario M5J 2Y1

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Tel: 1-800-564-6253

Fax: 1-866-249-7775

IMA EXPLORATION INC.

NOTICE OF  
ANNUAL AND SPECIAL MEETING  
OF  
SECURITYHOLDERS  
TO BE HELD ON JUNE 24, 2004

AND

MANAGEMENT PROXY CIRCULAR

MAY 14, 2004

IMA EXPLORATION INC.  
Terminal City Club Tower  
Suite 709, 837 West Hastings Street  
Vancouver, BC V6C 3N6  
Tel: 604-687-1818 Fax: 604-687-1858

May 14, 2004

Dear Securityholder:

On May 3, 2004, IMA announced its intention to proceed with a reorganization of IMA which will have the result of dividing its present mineral resource assets between two separate public companies. Upon implementation of the corporate restructuring, IMA will continue to hold the Navidad silver-lead-copper project and certain other mineral properties in central Chubut Province, Argentina, while the newly created public company will hold the other resource assets of IMA. Since the announcement, IMA has completed reviews of legal, tax, regulatory and other matters and is now able to provide you with complete details of the proposed reorganization in the accompanying Management Proxy Circular.

You are invited to attend a Special Meeting of shareholders and optionholders, to be held in the Walker Room of the Terminal City Club in Vancouver, British

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Columbia on Thursday, June 24, 2004 starting at 2:00 p.m., at which time you will be asked to consider and vote upon the proposed reorganization. IMA will also hold its Annual Meeting of Shareholders at the same time, thereby avoiding any inconvenience to Shareholders of attending separate meetings which otherwise would have fallen within a short period of time.

Under the reorganization, IMA's most advanced project, the Navidad silver-lead-copper project and certain other Navidad area properties in central Chubut Province, Argentina will remain in IMA, while IMA's other properties and related assets and \$750,000 cash will be transferred to a new public company to be named "Golden Arrow Resources Corporation" ("Golden Arrow"). These two separate public companies will be owned by the existing shareholders of IMA and each will have a separate focus. Golden Arrow will be committed to grass roots exploration while IMA will retain the Navidad project and focus on:

1. A significantly expanded drill program on the numerous targets within Navidad;
2. More detailed regional exploration for Navidad style targets;
3. Pursuing a listing on a major US and Canadian stock exchange;
4. Completing a bankable feasibility study on the Navidad project in a timely fashion; and
5. Exploring the Navidad related properties directly or through joint ventures.

The remaining projects outside of Navidad will be held by Golden Arrow which will have the same Board of Directors as IMA, and it is intended that Golden Arrow be managed by the same management team as IMA. Golden Arrow will then be free to focus on grass root exploration for economic mineral discoveries. The market will then be required to fairly value these exploration assets.

The common shares of Golden Arrow will be distributed to shareholders of IMA in proportion to their present shareholdings in IMA and on the basis of one Golden Arrow share for every 10 IMA shares held. The reorganization is intended to enhance shareholder value by enabling each company to focus on the development of its own properties, and by allowing shareholders to hold an interest in Golden Arrow which reflects the value of IMA's portfolio of exploration projects.

The reorganization will be implemented by a Plan of Arrangement. Once IMA's shareholders and optionholders have approved the Plan of Arrangement, the Supreme Court of the Province of British Columbia will be requested to grant its final approval. Details of the Plan of Arrangement are set out in the accompanying Management Proxy Circular.

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Also at the Meeting, IMA will be asking its shareholders to approve certain changes to the constating documents of IMA as a result of changes to corporate legislation in the Province of British Columbia. In March 2004, COMPANY ACT (British Columbia) was replaced with the new BUSINESS CORPORATIONS ACT. The BUSINESS CORPORATIONS ACT modernizes and streamlines company law in British Columbia and removes the shortcomings and ambiguities of the old Company Act. The new BUSINESS CORPORATIONS ACT recognizes the increased need for companies in today's business environment to react and adapt to changing business conditions quickly. All companies incorporated in British Columbia are now governed by the new legislation. As IMA is a British Columbia company, IMA wishes to provide its

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Shareholders with the benefits of the new law as soon as possible. Accordingly, IMA is including in the business for the Special Meeting new Articles for IMA for consideration by the IMA shareholders, designed to allow IMA to enjoy the improvements offered by the new law.

We believe that the approval of the special resolutions being submitted to our Shareholders at the Special Meeting, with respect to the amendment of IMA's constating documents, will greatly improve IMA's ability to make corporate decisions in a more timely and cost-effective manner.

IMA'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOUR OF THE ARRANGEMENT AND ALL OTHER MATTERS TO BE CONSIDERED AT THE MEETING. Your attention is directed to the section entitled "The Arrangement - Reasons for the Arrangement" in the accompanying Management Proxy Circular where the Board of Directors' reasons for recommending the Plan of Arrangement are summarized.

If you are unable to attend the Meeting in person, please complete and return the enclosed forms of Proxy so that your shares and securities can be voted at the Meeting in accordance with your instructions.

Yours truly,

/s/ JOSEPH GROSSO

Joseph Grosso  
President and Chief Executive Officer

IMA EXPLORATION INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SECURITYHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "Meeting") of the shareholders (the "Shareholders") of IMA Exploration Inc. ("IMA") and holders of options to acquire common shares of IMA (the "Rightsholders") will held in the Walker Room at the Terminal City Club at 837 West Hastings Street, Vancouver, British Columbia, Canada on Thursday, June 24, 2004 at 2:00 p.m. (Vancouver time), for the following purposes:

1. For the Shareholders to consider the following:
  - (a) To receive the audited consolidated financial statements of IMA for the fiscal year ended December 31, 2003, together with the report of the auditors thereon;
  - (b) To determine the number of Directors at nine;
  - (c) To elect Directors;
  - (d) To appoint Auditors and to authorize the Directors to fix their remuneration;
  - (e) To consider, and if thought fit, to pass an ordinary resolution to ratify, confirm and approve IMA's stock option plan which was approved by the shareholders of IMA on June 26, 2003, and which makes a total of 10% of the issued and outstanding shares of IMA available for issuance thereunder. The full text of the ordinary resolution approving the stock option plan is set out in paragraph 1 of Schedule "A" to the accompanying Management Proxy Circular;



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- (f) To consider, and if thought fit, to pass a special resolution, with or without amendment, that IMA's Notice of Articles be amended by deleting the Pre-existing Company Provisions set forth in Part 16 of the Regulations to the BUSINESS CORPORATIONS ACT (British Columbia) in their entirety. The full text of the special resolution amending the Notice of Articles is set out in paragraph 2 of Schedule "A" to the accompanying Management Proxy Circular; and
  - (g) To consider and, if thought fit, pass a special resolution, with or without amendment, that the Articles of IMA be deleted in their entirety and be replaced with the form of Articles presented to the Meeting. The full text of the special resolution deleting and replacing the Articles in their entirety is set out in paragraph 3 of Schedule "A" to the accompanying Management Proxy Circular; and
2. For the Shareholders and Rightsholders (collectively the "Securityholders"), voting as two separate classes at the Meeting, to consider, pursuant to an interim order (the "Interim Order") of the Supreme Court of the Province of British Columbia, and if thought fit, to pass a special resolution (the "Arrangement Resolution"), with or without variation, to authorize, approve and adopt a statutory plan of arrangement (the "Arrangement") pursuant to sections 288-299 of the BUSINESS CORPORATIONS ACT (British Columbia). The full text of the special resolution approving the Arrangement is set out in paragraph 4 of Schedule "A" to the accompanying Management Proxy Circular.

TAKE NOTICE that pursuant to the Interim Order, holders of common shares of IMA may until 2:00 p.m. (Vancouver time) on Tuesday, June 22, 2004 give IMA a notice of dissent by registered mail addressed to IMA at its head office, Suite 709, 837 West Hastings Street, Vancouver, British Columbia V6C 3N6, Attention: The President, with respect to the Arrangement Resolution. As a result of giving a notice of dissent, a shareholder may, on receiving a notice of intention to proceed under the Interim Order, require IMA to purchase all of its shares. This right is described in the accompanying Management Proxy Circular.

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Accompanying this Notice of Meeting are a Management Proxy Circular which contains IMA's audited consolidated financial statements for the fiscal year ended December 31, 2003, forms of Proxy and an Annual Return Card Form. The accompanying Management Proxy Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

Only Securityholders of record on May 12, 2004 are entitled to receive notice of and vote at the Meeting.

In order for the Arrangement to become effective, it must be approved by a final order of the Court. A copy of the Interim Order and the Notice of Hearing of Petition for the final order of the Court are attached as Schedules "C" and "D", respectively, to the accompanying Management Proxy Circular.

Securityholders are entitled to vote at the Meeting either in person or by proxy. Those Securityholders who are unable to attend the Meeting in person are requested to read, complete, sign and mail the enclosed forms of Proxy in accordance with the instructions set out in the Proxy and the Management Proxy

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Circular accompanying this Notice. Please advise IMA of any change in your mailing address. A proxy will not be valid unless the completed form of proxy is received by Computershare Trust Company of Canada, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax at 1-866-249-7775 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

The Proxy for Shareholders is printed on WHITE paper and the Proxy for Rightsholders is printed on BLUE paper.

DATED at Vancouver, British Columbia, this 14th day of May, 2004.

BY ORDER OF THE BOARD

/s/ JOSEPH GROSSO

Joseph Grosso  
President and Chief Executive Officer

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### NOTICE TO UNITED STATES SHAREHOLDERS

THE SECURITIES TO BE ISSUED PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR SECURITIES REGULATORY AUTHORITY OF ANY STATE IN THE UNITED STATES PASSED ON THE ACCURACY OR ADEQUACY OF THIS MANAGEMENT PROXY CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The solicitation and transactions contemplated herein are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Securityholders should be aware that requirements under such Canadian laws may differ from requirements under United States corporate and securities laws relating to United States corporations.

The financial statements and pro-forma and historical financial information

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included herein have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which differ from United States generally accepted accounting principles ("US GAAP") in certain material respects, and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable in all respects to financial statements and pro-forma and historical financial information of United States companies. However, IMA's audited financial statements contain a note which summarizes the impact on the financial statements of all material differences between Canadian GAAP and US GAAP.

See "The Arrangement - Income Tax Considerations - United States Federal Income Tax Considerations" in this Management Proxy Circular for certain information concerning tax consequences of the Arrangement for Shareholders who are United States taxpayers.

The definitions of mineral reserves or of mineral resources used herein are those used by Canadian securities regulatory authorities and United States Securityholders should be aware that the definition standards differ in certain respects from those set forth in the SEC Industry Guide 7, which contains the definitions and parameters of disclosure for United States issuers engaged in significant mining operations.

Enforcement by Securityholders of civil liabilities under the United States securities laws may be affected adversely by the fact that IMA is organized under the laws of a jurisdiction other than the United States, that all of its officers and directors are residents of countries other than the United States, that some or all of the experts named in this Management Proxy Circular may be residents of countries other than the United States and that all or a substantial portion of the assets of IMA and such persons may be located outside the United States.

IMA EXPLORATION INC.

### MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is being furnished in connection with the solicitation of proxies by management of IMA for use at the annual and special meeting of Shareholders and Rightsholders (collectively, the Securityholders") to be held at 2:00 p.m. (Vancouver time) on Thursday, June 24, 2004 in the Walker Room at the Terminal City Club at 837 West Hastings Street, Vancouver, British Columbia, Canada, and at any adjournment thereof.

It is anticipated that this Management Proxy Circular and the accompanying forms of Proxy will be distributed to Securityholders on or about May 19, 2004. Unless otherwise indicated, information in this Management Proxy Circular is given as at May 14, 2004.

SEE "RISK FACTORS" FOR CERTAIN CONSIDERATIONS RELEVANT TO SECURITYHOLDERS REGARDING THE ARRANGEMENT AND THEIR INVESTMENT IN THE SECURITIES REFERRED TO IN THIS MANAGEMENT PROXY CIRCULAR.

The date of this Management Proxy Circular is May 14, 2004.

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No person is authorized to give any information or to make any representation not contained in this Management Proxy Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Management Proxy Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation.

### SUMMARY

THE FOLLOWING IS A SUMMARY OF CERTAIN INFORMATION CONTAINED IN THIS MANAGEMENT PROXY CIRCULAR AND THE SCHEDULES ATTACHED HERETO. CAPITALIZED WORDS USED IN THIS SUMMARY ARE DEFINED IN THE GLOSSARY OF TERMS. THIS SUMMARY IS PROVIDED FOR CONVENIENCE OF REFERENCE ONLY. THIS SUMMARY SHOULD BE READ IN CONJUNCTION WITH, AND IS QUALIFIED BY, THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS CONTAINED IN THE NOTICE OF MEETING AND THE BODY OF THIS MANAGEMENT PROXY CIRCULAR AND THE SCHEDULES ATTACHED HERETO. SECURITYHOLDERS ARE URGED TO REVIEW THIS MANAGEMENT PROXY CIRCULAR IN ITS ENTIRETY.

THE DISCLOSURE IN THIS MANAGEMENT PROXY CIRCULAR OF A SCIENTIFIC AND TECHNICAL NATURE UNDER THE HEADING "INFORMATION CONCERNING IMA - BEFORE THE ARRANGEMENT - MINERAL PROPERTIES OF IMA - NAVIDAD PROJECT" AND "INFORMATION CONCERNING IMA - BEFORE THE ARRANGEMENT - MINERAL PROPERTIES OF IMA - LAGUNA DE LOS TOROS PROPERTY" IS BASED ON THE TECHNICAL REPORTS (AS DEFINED HEREIN).

### THE MEETING

#### TIME, DATE AND PLACE OF MEETING

The annual and special meeting (the "Meeting") of the Securityholders of IMA Exploration Inc. will be held on Thursday, June 24, 2004 in the Walker Room at the Terminal City Club at 837 West Hastings Street, Vancouver, British Columbia commencing at 2:00 p.m. (Vancouver time).

#### PURPOSE OF THE MEETING

At the Meeting, Shareholders will receive the audited financial statements of IMA for the fiscal year ended December 31, 2003 and will be asked to consider, and if thought fit, to pass resolutions approving or confirming the following matters:

- o Determining the number of Directors at nine
- o Electing Directors
- o Appointing Auditors and authorizing Directors to fix their remuneration
- o Ratifying IMA's Stock Option Plan
- o Amending IMA's Notice of Articles to delete the "Pre-Existing Company Provisions"
- o Adopting new Articles

At the Meeting, Securityholders will be asked to consider, and if thought fit, to pass a Special Resolution approving the Arrangement. The Securityholders will

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vote as two separate classes at the Meeting.

### MEETING RECORD DATE

IMA has fixed May 12, 2004 as the record date for determining the Securityholders entitled to receive notice of and vote at the Meeting.

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### THE ARRANGEMENT

#### GENERAL

Upon the Arrangement becoming effective, Shareholders of record on the Effective Date will become shareholders of two separate publicly-traded companies: IMA and Golden Arrow. Every Shareholder will receive one Golden Arrow Common Share for every ten IMA Common Shares held on the Effective Date. See "The Arrangement - Details of the Arrangement".

#### REASONS FOR THE ARRANGEMENT

The purpose of the Arrangement is to retain in IMA the Navidad silver-lead-copper project and certain other Navidad area mineral properties in central Chubut Province and to transfer into a separate public company, Golden Arrow, all other projects. This reorganization is intended to enhance shareholder value by allowing IMA to progress the Navidad silver-lead-copper project through a bankable feasibility study and by allowing Golden Arrow to focus on grass roots exploration for economic mineral discoveries. See "The Arrangement - Reasons for the Arrangement".

#### APPROVALS NECESSARY FOR THE ARRANGEMENT

The Arrangement is subject to a number of approvals which must be obtained prior to implementation, including the following:

#### SECURITYHOLDER APPROVAL

Pursuant to the Interim Order, the Arrangement requires the approval of the Securityholders of IMA. In addition, Section 289 of the BCBCA requires that the Arrangement be approved by the Shareholders. At the Meeting, the Securityholders will be asked to consider, and if thought fit, to pass the Arrangement Resolution, the full text of which is set out in paragraph 4 of Schedule "A" to this Management Proxy Circular. Subject to any further order of the Court, the Interim Order provides that the Arrangement Resolution must be passed by Special Resolutions of the Shareholders and Rightsholders voting at the Meeting as two separate classes on that resolution.

#### COURT APPROVAL

The implementation of the Arrangement is subject to approval by the Court. Prior to the mailing of this Management Proxy Circular, IMA obtained the Interim Order, a copy of which is attached as Schedule "C" to this Management Proxy Circular. IMA intends to apply for the Final Order once the Arrangement has been approved by the Securityholders. As set out in the Notice of Hearing of Petition for the Final Order, the hearing in respect of the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on June 29, 2004, or so soon thereafter as counsel may be heard, or at such other date and time as the Court may direct, at the Law Courts, 800 Smithe Street, Vancouver, British Columbia. A copy of the Notice of Hearing of Petition for the Final Order is attached as Schedule "D" to

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this Management Proxy Circular. Any Securityholder of IMA has the right to appear at such hearing and present evidence. At the hearing for the Final Order, the Court will consider, among other things, the fairness of the Plan of Arrangement and the Securityholders' approval.

### REGULATORY APPROVAL

The Arrangement is subject to the prior approval of the TSX-V. See "The Arrangement - Approvals Necessary for the Arrangement".

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### CONDITIONS TO THE ARRANGEMENT BECOMING EFFECTIVE

The implementation of the Arrangement is subject to a number of specified conditions, including Securityholder, Court and regulatory approval. There can be no assurance that such conditions will be fulfilled. The Arrangement Agreement also provides that it may be terminated in certain circumstances prior to the Effective Date, notwithstanding the approval of the Arrangement by the Securityholders and the Court. See "The Arrangement - Conditions to the Arrangement Becoming Effective".

### EFFECTIVE DATE

The Arrangement will become effective once all of the conditions to proceeding with the Arrangement have been satisfied or waived and IMA's board of directors determines to make the Arrangement effective. If the requisite approvals of the Securityholders are obtained and the Court grants the Final Order, then IMA currently anticipates that the Effective Date will be on or about July 7, 2004. See "The Arrangement - Effective Date".

### DISTRIBUTION OF SHARE CERTIFICATES

Upon the Arrangement becoming effective, certificates representing IMA Common Shares will be deemed to represent New IMA Common Shares and no new certificates will be issued for the New IMA Common Shares issued pursuant to the Arrangement. Accordingly, it will not be necessary for holders of IMA Common Shares to surrender their certificates representing IMA Common Shares. Holders of certificates representing IMA Common Shares must retain their certificates as evidence of their ownership of New IMA Common Shares.

Certificates representing Golden Arrow Common Shares will be mailed as soon as practicable following the Effective Date to those persons whose names appear in the register of holders of IMA Common Shares at the close of business on the Effective Date. See "The Arrangement - Distribution of Share Certificates".

### RECOMMENDATION OF BOARD OF DIRECTORS

The Board of Directors of IMA has reviewed the terms and conditions of the Arrangement and has unanimously concluded that the terms and conditions of the Arrangement are fair and reasonable to, and are in the best interests of, IMA and the Securityholders.

The Board of Directors unanimously recommends that the Securityholders vote in favour of the Arrangement and all other matters to be considered at the Meeting. See "The Arrangement - Recommendation of Board of Directors".

### STOCK EXCHANGE LISTINGS

IMA

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The IMA Common Shares are currently listed and traded on the TSX-V and the New IMA Common Shares will continue to be listed and traded on the TSX-V, subject to IMA complying with the listing requirements of the TSX-V. IMA is currently classified as a Tier 1 issuer on the TSX-V and expects to continue to be classified as a Tier 1 issuer after the Effective Date of the Arrangement. The IMA Common Shares are also quoted on the Over-The-Counter Bulletin Board in the United States and will continue to be quoted on the Over-The-Counter Bulletin Board following the completion of the Arrangement.

### GOLDEN ARROW

Golden Arrow has applied to have the Golden Arrow Common Shares issued pursuant to the Arrangement listed and traded on the TSX-V under the Tier 2 classification. Management anticipates that Golden Arrow will seek to have its common shares quoted on the Over-The-Counter Bulletin Board following completion of the Arrangement. There are no assurances as to if, or when, the Golden Arrow Common Shares will be listed or traded on the TSX-V or quoted on the Over-The-Counter Bulletin Board, if ever.

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### INCOME TAX CONSIDERATIONS

#### CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In general, a Canadian resident holder of IMA Common Shares who holds such shares as capital property will not realize a capital gain or capital loss as a result of the Arrangement. The adjusted cost base of the IMA Common Shares will generally be allocated between the New IMA Common Shares and the Golden Arrow Common Shares based upon the relative fair market values of such shares at the time of the Arrangement. Following the Effective Date, IMA will advise holders of an appropriate proportionate allocation.

In general, a non-resident holder of IMA Common Shares will not be subject to tax in Canada as a result of the Arrangement, provided the IMA Common Shares are not taxable Canadian property. See "Canadian Federal Income Tax Considerations".

#### UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Subject to the discussion under "United States Federal Income Tax Considerations", the receipt of the Golden Arrow Common Shares by a U.S. Shareholder (as defined below under "United States Federal Income Tax Considerations") should result in taxable income for United States federal income tax purposes. See "The Arrangement - Income Tax Considerations - United States Federal Income Tax Considerations".

Management has determined the taxable income to U.S. Shareholders to be US\$0.05 per IMA Common Share.

#### SELECTED PRO FORMA FINANCIAL INFORMATION

The following table sets forth selected financial information for IMA and Golden Arrow after giving effect to the Arrangement and should be read in conjunction with the Pro-Forma Consolidated Financial Statements of IMA and Golden Arrow attached hereto. See "Information Concerning IMA - After the Arrangement - Selected Pro-Forma Financial Information" and "Information Concerning Golden Arrow - Selected Pro-Forma Financial Information".



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PRO FORMA AS AT

	IMA
Current Assets.....	\$10,262,787
Mineral Properties and deferred exploration and development costs.....	\$1,291,226
Capital Assets.....	\$36,186
Liabilities.....	\$418,234
Shareholders' Equity.....	\$11,171,965

GLOSSARY OF TERMS

IN THIS MANAGEMENT PROXY CIRCULAR, UNLESS THERE IS SOMETHING IN THE SUBJECT MATTER OR CONTEXT INCONSISTENT THEREWITH, THE FOLLOWING CAPITALIZED WORDS AND TERMS SHALL HAVE THE FOLLOWING MEANINGS:

ARRANGEMENT	The statutory arrangement involving IMA, its Securityholders, IMA Holdco and Golden Arrow proposed under the provisions of sections 288 to 299 of the BCBCA, on the terms and conditions set out in the Plan of Arrangement or any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement.
ARRANGEMENT AGREEMENT	The arrangement agreement made as of the 14th day of May, 2004 among IMA, IMA Holdco and Golden Arrow, as the same may be supplemented or amended from time to time.
ARRANGEMENT RESOLUTION	The Special Resolution approving the Arrangement, the full text of which is set out in paragraph 4 of Schedule "A" to this Management Proxy Circular, to be considered, and if thought fit, passed by the Securityholders, with Shareholders and Rightsholders voting as two separate classes.
AUDITORS	PricewaterhouseCoopers LLP, or such other auditors as may be appointed, the auditors of IMA and Golden Arrow.
BCBCA	BUSINESS CORPORATIONS ACT (British Columbia), as amended.
BOARD	OF DIRECTORS The board of directors of IMA.
BUSINESS	DAY A day which is not a Saturday, Sunday or statutory

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	holiday in British Columbia.
CASH	\$750,000 which will be transferred from IMA to Golden Arrow pursuant to the Plan of Arrangement.
CONTRACTS	All agreements to which IMA is a party, which pertain to the Golden Arrow Properties which will be assigned from IMA to Golden Arrow pursuant to the Plan of Arrangement.
COURT	The Supreme Court of the Province of British Columbia.
EFFECTIVE	DATE July 7, 2004 or such other date a may be determined by the Board of Directors in accordance with the provisions of the BCBCA.
FINAL ORDER	The final order of the Court approving the Arrangement pursuant to the BCBCA.
GOLDEN ARROW	Golden Arrow Resources Corporation, a corporation incorporated pursuant to the BCBCA in order to facilitate the Arrangement.
GOLDEN ARROW COMMON SHARES	The common shares without par value in the capital of Golden Arrow which are to be issued under the Arrangement to holders of IMA Common Shares in exchange for such IMA Common Shares, and having the terms and conditions set out in Schedule D to the Plan of Arrangement.
GOLDEN ARROW NOTE	The demand, non-interest bearing promissory note to be issued by Golden Arrow to IMA having a principal amount and aggregate fair market value equal to the aggregate fair market value of the Golden Arrow Preferred Shares.
GOLDEN ARROW PREFERRED SHARES	The Preferred Shares of Golden Arrow which are to be issued under the Arrangement to IMA in exchange for the Transferred Assets, which will have a value equal to the Net Fair Market Value of the Transferred Assets, and having the terms and conditions set out in Schedule D to the Plan of Arrangement.
GOLDEN ARROW PROPERTIES	All of IMA's mineral property interest in Argentina and Peru, other than the Navidad Area Properties.
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IMA	IMA Exploration Inc., a company incorporated under the laws of the Province of British Columbia.
IMA COMMON SHARES	The common shares without par value in the capital of IMA.
IMA HOLDCO	IMA Holdings Corp., a wholly owned subsidiary of IMA incorporated under the laws of the Province of British Columbia.
IMA HOLDINGS (BVI)	Inversiones Mineras Argentinas Holdings (BVI) Inc., a wholly-owned subsidiary of IMA Holdco which indirectly

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	owns or will own the Golden Arrow Properties located in Argentina.
IMA NAVIDAD (BVI)	IMA Navidad (BVI) Inc., a wholly-owned subsidiary of IMA which indirectly owns and will, upon completion of the Arrangement, continue to own the Navidad Area Properties.
IMA	NOTE The demand, non-interest bearing promissory note to be issued by IMA to Golden Arrow in the principal amount and fair market value equal to the aggregate fair market value of the IMA Special Shares.
IMA	OPTIONS The outstanding incentive stock options of IMA entitling the holders to purchase IMA Common Shares in accordance with the terms and conditions thereof.
IMA PREFERRED SHARES	The preferred shares, issuable in series, without par value in the capital of IMA.
IMA SPECIAL SHARES	The special shares of IMA which IMA will be authorized to issue upon the Arrangement becoming effective and which are to be issued under the Arrangement to holders of IMA Common Shares in exchange for such IMA Common Shares, and having the terms and conditions set out in Schedule B to the Plan of Arrangement.
IMA WARRANTS	The outstanding common share purchase warrants of IMA entitling the holders to purchase IMA Common Shares in accordance with the terms and conditions thereof.
IMA USA	Inversiones Mineras Australes S.A., an Argentina company which will be a wholly owned subsidiary of Golden Arrow upon the Effective Date of the Arrangement.
IMPISA	IMPISA Resources Corporation, an 80.69% subsidiary of IMA Holdco.
IMPISA BVI	IMPISA BVI Inc., a wholly-owned subsidiary of IMA and IMA Holdco which indirectly owns mineral property interests in Peru.
ITA	The INCOME TAX ACT (Canada), as amended.
INTERIM	ORDER The interim order of the Court dated May 14, 2004, a copy of which is attached as Schedule "C" to this Management Proxy Circular.
MARKETABLE SECURITIES	The common shares of Amera Resources Corporation, Ballad Gold & Silver Ltd. and Cloudbreak Resources Ltd. held by IMA which pertain to the Golden Arrow Properties and which will be transferred from IMA to Golden Arrow pursuant to the Plan of Arrangement.
MEETING	The annual and special meeting of the Securityholders of IMA to be held on June 24, 2004 and any adjournment or postponement thereof.
MEETING RECORD DATE	The date fixed by IMA for determining the Shareholders and Rightsholders entitled to receive notice of and vote at the Meeting, being May 12, 2004.

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NAVIDAD AREA PROPERTIES      The Navidad Project and certain other mineral properties held indirectly by IMA in central Chubut Province, Argentina.

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NAVIDAD PROJECT                IMA's silver-lead-copper project located in Chubut Province, Argentina.

NET FAIR MARKET VALUE        An amount determined by the Board of Directors of IMA as of the Effective Date, as being an amount equal to the fair market value of the Transferred Assets.

NEW IMA  
COMMON SHARES                Common Shares of IMA which IMA will be authorized to issue upon the Arrangement becoming effective and which are to be issued under the Arrangement to holders of IMA Common Shares in exchange for such IMA Common Shares.

OTC-BB                         Over-The-Counter Bulletin Board.

PLAN OF ARRANGEMENT         The Plan of Arrangement involving IMA, Golden Arrow, IMA Holdco and the Securityholders, a copy of which is attached as Appendix I to the Arrangement Agreement, and any amendment or variation thereto.

PROXY                         The forms of Proxy included with this Management Proxy Circular.

RECEIVABLES                 Certain amounts owing to IMA by its subsidiaries in respect of the Golden Arrow Properties.

REGISTRAR                    The Registrar of Companies for the Province of British Columbia.

RIGHTSHOLDERS                The holders of the IMA Options.

SECURITIES                    The IMA Common Shares and the IMA Options, collectively.

SECURITYHOLDERS             The Shareholders and Rightsholders collectively.

SHAREHOLDERS                The holders of IMA Common Shares.

SPECIAL RESOLUTION         A resolution passed by a majority of not less than three-quarters of the votes cast by the Securityholders who voted in respect of such resolution at the Meeting with respect to a particular matter.

TECHNICAL REPORTS         The Technical Reports for the Navidad Project prepared by Dr. Paul Lhotka, P. Geo. PH.D. and the Laguna de los Toros property dated May 12, 2004, prepared by Dr. Paul Lhotka, P. Geo. Ph.D., as the responsible independent qualified person, and Keith Patterson, P. Geo (B.C.), M.Sc., in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

TRANSFER AGENT              Computershare Trust Company of Canada.

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TRANSFERRED ASSETS	The Cash, the Marketable Securities, the Contracts, the common shares of IMA Holdings (BVI), the common shares of IMPSA BVI, the common shares of IMPSA and the Receivables, all of which will be transferred by IMA to Golden Arrow pursuant to the Plan of Arrangement.
TSX-V	TSX Venture Exchange.
1933 ACT	The UNITED STATES SECURITIES ACT OF 1933, as amended.

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### GLOSSARY OF MINING TERMS

THE FOLLOWING IS A GLOSSARY OF CERTAIN MINING TERMS USED IN THIS MANAGEMENT PROXY CIRCULAR:

Argillic Alteration:	Development of secondary clay minerals by weathering or hydrothermal activity.
Breccia:	A rock containing generally angular fragments of itself or some other rock.
Cateo:	In Argentina, a cateo is an exploration concession granted for a period of up to 1,100 days. In areas where field work seasons are limited, only the available field season will be considered in determining the 1,100 days. A cateo gives the holder the exclusive right to explore the area, subject to certain pre-existing rights of owners of mines within the area and abutting owners of cateos. Through the process of exploration, the owner of the cateo may make and file "manifestations" of discovery (see below) and petition the mining authority for the granting of mines (see below). A cateo may be up to 10,000 hectares in size. A single legal person may not hold more than 20 cateos or 200,000 hectares of cateos in any one province. When the cateo is officially granted, a one time payment of about US \$0.35 ( Pesos \$0.80 ) per hectare is required.
Clastic:	Rock components consisting of fragments derived by mechanical erosion of pre-existing rocks.
Color Anomaly:	An atypical or unusual color pattern visible on air photos or satellite images of rock outcrop areas, often caused by hydrothermal alteration.
G/T:	grams per tonne
Hydrothermal Alteration:	Those chemical and mineral changes resulting from the interaction of hot water solutions with pre-existing solid mineral phases.

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Intrusive Rocks:	A body of rock, that while fluid, penetrated into or between other rocks, but solidified before reaching the surface.
Km:	Kilometre
M:	Meter
Mafic:	Dark colored, generally iron or magnesium rich, rock or mineral.
Manifestations:	In Argentina, manifestations or "manifestaciones" of discovery are official notices filed with the mining authority indicating that the person filing (who must be the owner of the cateo in an area covered by a cateo) has made a discovery. The filing and acceptance by the mining authority of such a notice, constitutes the first step in converting a discovery to a mine (see below). A manifestation of discovery may cover one or more claims in the case of either a vein or disseminated deposit. The size of the manifestations and the annual payments required of the owner is the same as those for a mine.
Mine:	In Argentina, a mine or "mina" is a real property interest. It is a right of exploration granted on a permanent basis after the completion of an official survey for as long as the right is diligently utilized and semi-annual payments of US\$17.50 (Pesos \$40) per claim are made. A mine may consist of one or several claims or "pertinencias". In the case of vein deposits, each claim is a maximum of 200 by 300 meters or six hectares; for disseminated deposits, each claim is up to one square kilometer or 100 hectares.
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Porphyry:	An igneous rock containing mineral crystals that are visibly larger than other crystals of the same or different composition.
Ppb:	parts per billion
Ppm:	parts per million
Satellite Imagery:	Maps or images produced from data collected by satellite displaying wavelength and intensity variations of visible and infrared radiation reflected from the Earth's surface.
Scree:	A slope of loose rock debris at the base of a steep incline or cliff.
Sedimentary Rocks:	Descriptive term for a rock formed of sediment, namely solid material both mineral and organic, deposited from suspension in a liquid.
Stream Sediment Sample:	A sample of fine sediment derived from the mechanical action of the stream.

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Skarn	A style of alteration characterized by iron and magnesium bearing aluminosilicate materials such as garnet and diopside.
Sulfide:	A compound of sulfur combined with one or more metallic or semi-metallic elements.
Veins:	An occurrence of minerals, having been intruded into another rock, forming tabular shaped bodies.
Ag:	Silver
As:	Arsenic
Au:	Gold
Ba:	Barium
Co:	Cobalt
Cu:	Copper
Mo:	Molybdenum
Pb:	Lead
Sb:	Antimony
Zn:	Zinc

### MINERALS:

Biotite:	An iron and magnesium bearing mica mineral.
Carbonate:	A mineral containing the radical CO <sub>3</sub> .
Chalcopyrite:	A sulfide mineral containing copper and iron.
Feldspar:	An aluminosilicate with variable amounts of potassium, sodium and calcium.

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Hornblende:	A complex hydrated aluminosilicate of magnesium, iron and sodium.
Magnetite:	A magnetic iron oxide mineral.
Pyroxene:	An aluminosilicate of magnesium and iron.
Pyrrhotite:	A magnetic sulfide of iron.
ROCK TYPES:	
Andesite:	A volcanic rock with the principal minerals being plagioclase.
Conglomerate:	A clastic sedimentary rock containing rounded fragments of gravel or pebble size.

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Dacite:	A volcanic or shallow intrusive rock with the principal minerals being plagioclase, quartz and one or more mafic constituents.
Diorite:	An intrusive rock composed essentially of sodic plagioclase, hornblende, biotite, or pyroxene.
Limestone:	A sedimentary rock consisting chiefly of calcium carbonate.
Sandstone:	A clastic sedimentary rock composed largely of sand-sized grains, principally quartz.
Shale:	A clastic sedimentary rock derived from very fine-grained sediment (mud).
Siltstone:	A clastic sedimentary rock similar to shale except comprised of slightly coarser material (silt).
Tuff:	A rock formed of compacted volcanic fragments, generally smaller than 4mm in diameter.

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### CURRENCY AND EXCHANGE RATES

Unless otherwise specified, in the Management Proxy Circular, all references to "dollars" or to "\$" are to Canadian dollars and all references to "U.S. dollars" or to "US\$" are to U.S. dollars.

The following table sets forth: (i) the rate of exchange for the Canadian dollar, expressed in United States dollars in effect at the end of the periods indicated, (ii) the average of exchange rates in effect on the last day of each month during such periods, and (iii) the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars.

	YEAR ENDED DECEMBER 31		
	2003	2002	2001
U.S. Dollar per Canadian dollar:			
Rate at end of period:	US\$.7617	US\$.6413	US\$.6278
Average rate for period:	US\$.7136	US\$.6368	US\$.6458
High for period:	US\$.7710	US\$.6598	US\$.6688
Low for period:	US\$.6338	US\$.6179	US\$.6230

The noon rate of exchange on May 13, 2004, as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was Canadian \$1.00



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equals US\$0.7159.

### FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The financial statements and summaries of financial information contained in this Management Proxy Circular are reported in Canadian dollars. All such financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

### TECHNICAL INFORMATION

The disclosure in this Management Proxy Circular of a scientific or technical nature with respect to the Navidad Project and the Laguna de los Toros property under the headings "Information Concerning IMA - Before The Arrangement - Mineral Properties of IMA - Navidad Project" and "Information Concerning IMA - Before The Arrangement - Mineral Properties of IMA - Laguna de los Toros Property" is based upon Technical Reports for the Navidad Project and the Laguna de los Toros property dated May 12 2004, (the "Technical Reports"). The Technical Report for the Navidad Project was prepared by Dr. Paul Lhotka, P. Geo. PH.D. The Technical Report for the Laguna de los Toros property was prepared by Dr. Lhotka, as the responsible independent qualified person, and Keith Patterson, P. Geo (B.C.), M.Sc. Dr. Lhotka is a "qualified person" for the purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects. The Technical Reports have been filed on the System for Electronic Document Analysis and Referral at [www.sedar.com](http://www.sedar.com).

### GENERAL PROXY INFORMATION

#### SOLICITATION OF PROXIES

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF IMA FOR USE AT THE ANNUAL AND SPECIAL MEETING OF SECURITYHOLDERS OF IMA (AND ANY ADJOURNMENT THEREOF) (THE "MEETING") TO BE HELD ON THURSDAY, JUNE 24, 2004 AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of IMA at nominal cost. All costs of solicitation by management will be borne by IMA. In addition, IMA has retained Allen Nelson & Co., a proxy solicitation firm based in Seattle, Washington as the soliciting agent to assist in the dissemination of materials and the solicitation of proxies on behalf of management for use at the Meeting. IMA will pay Allen Nelson & Co. a fee estimated at US\$7,500 for such services and will reimburse it for its mailing costs and reasonable out-of-pocket expenses.

THE CONTENTS AND THE SENDING OF THIS INFORMATION CIRCULAR HAVE BEEN APPROVED BY THE DIRECTORS OF IMA.

#### APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are Directors and/or Officers of IMA. A form of Proxy will be sent with this Management Proxy Circular to the Shareholders and a separate form of Proxy will be sent with this Management Proxy Circular to the Rightsholders. The form of Proxy for Shareholders is printed on WHITE paper. The form of Proxy for Rightsholders is

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printed on BLUE paper. IF YOU ARE A HOLDER OF IMA COMMON SHARES AND ALSO HOLD IMA OPTIONS, THEN YOU MUST COMPLETE BOTH FORMS OF PROXY IN ORDER TO HAVE ALL OF YOUR SECURITIES REPRESENTED AT THE MEETING AND VOTED BY THE PERSONS NAMED IN SUCH PROXIES AS PROXYHOLDER. A SECURITYHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SECURITYHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.

A Securityholder who has given a proxy may revoke it by an instrument in writing executed by the Securityholder or by his attorney authorized in writing or, where the Securityholder is a corporation, by a duly authorized officer or attorney of the corporation. A proxy will not be valid unless the completed form of proxy is received by Computershare Trust Company of Canada, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax at 1-866-249-7775 (the "Transfer Agent") not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### ADVICE TO BENEFICIAL SECURITYHOLDERS

ONLY REGISTERED SECURITYHOLDERS OR DULY APPOINTED PROXYHOLDERS ARE PERMITTED TO VOTE AT THE MEETING. SECURITYHOLDERS WHO DO NOT HOLD THEIR SHARES IN THEIR OWN NAME (REFERRED TO HEREIN AS "NON-REGISTERED SECURITYHOLDERS") ARE ADVISED THAT ONLY PROXIES FROM SECURITYHOLDERS OF RECORD CAN BE RECOGNIZED AND VOTED AT THE MEETING. Non-Registered Securityholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered Securityholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Non-Registered Securityholders is identical to that provided to registered Securityholders. However, its purpose is limited to instructing the registered Securityholder how to vote on behalf of the beneficial Securityholder.

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If Securities are listed in an account statement provided to a Securityholder by a broker, then in almost all cases those Securities will not be registered in such Securityholder's name on the records of IMA. Such shares will more likely be registered under the name of the Securityholder's broker or an agent of that broker. In Canada, the vast majority of such Securities are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Securities held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial Securityholder. Without specific instructions, brokers/nominees are prohibited from voting Securities for their clients. The directors and officers of IMA do not know for whose benefit the Securities registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 - COMMUNICATION WITH BENEFICIAL OWNERS OF SECURITIES OF A REPORTING ISSUER, IMA has distributed copies of the Notice of Meeting, this Circular and the Proxy to the clearing agencies and intermediaries for onward distribution to Non-Registered Securityholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Non-Registered Securityholders in advance of Securityholders' meetings unless the Non-Registered Securityholder has waived the right to

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receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Securityholders in order to ensure that their Securities are voted at the Meeting. Often the form of proxy supplied to a beneficial Securityholder by its broker is identical to the form of proxy provided by IMA to the registered Securityholders. However, its purpose is limited to instructing the registered Securityholder how to vote on behalf of the beneficial Securityholder should a non-registered Securityholder receiving such a form wish to vote at the Meeting, the Non-Registered Securityholder should strike out the names of the Management Proxyholders named in the form and insert the Non-Registered Securityholder's name in the blank provided and return the materials to the broker as directed. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically applies a special sticker to the proxy forms, mails those forms to the Non-Registered Securityholders and asks Non-Registered Securityholders to return the proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Securities to be represented at the Meeting. A BENEFICIAL SECURITYHOLDER RECEIVING A PROXY WITH AN ADP STICKER ON IT CANNOT USE THAT PROXY TO VOTE SECURITIES DIRECTLY AT THE MEETING - THE PROXY MUST BE RETURNED TO ADP WELL IN ADVANCE OF THE MEETING IN ORDER TO HAVE THE SHARES VOTED. All references to Securityholders in this Management Proxy Circular and the accompanying Instrument of Proxy and Notice of Meeting are to Securityholders of record unless specifically stated otherwise.

### VOTING OF PROXIES

Securities represented by properly executed proxies in the accompanying forms will be voted or withheld from voting in accordance with the instructions of the Securityholder on any ballot that may be called for and, if the Securityholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Securities represented by such proxies will be voted accordingly. IF NO CHOICE IS SPECIFIED, THE PERSON DESIGNATED IN THE ACCOMPANYING FORM OF PROXY WILL VOTE IN FAVOUR OF ALL MATTERS PROPOSED BY MANAGEMENT AT THE MEETING.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Issued and Outstanding:                   40,805,653 Common shares without par value  
  3,821,000 IMA Options

Authorized Capital:                       100,000,000 Common shares without par value  
  100,000,000 Preferred shares without par value

Only Shareholders and Rightsholders of record at the close of business on May 12, 2004 which is a day that is no fewer than thirty days prior to the date of the Meeting (the "Record Date") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Securities voted at the Meeting.

Pursuant to the Interim Order, in order for the Arrangement to be effective, it must be approved by both the Shareholders and Rightsholders voting at the Meeting as two separate classes. For purposes of obtaining the approval required by the Interim Order, each Rightsholder will have the same number of votes with respect to the Arrangement Resolution as if the Rightsholder had acquired ownership of the IMA Common Shares he or she has the right to acquire as a

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Rightsholder. This voting right is conferred on the Rightsholders only with respect to the Arrangement Resolution. See "The Arrangement - Approvals Necessary for the Arrangement".

To the knowledge of the directors and senior officers of IMA, no person or company beneficially own, directly or indirectly or exercise control or direction over, IMA Common Shares carrying more than 10% of the voting rights attached to all outstanding IMA Common Shares.

### THE ARRANGEMENT

#### GENERAL

The purpose of the Arrangement is to reorganize IMA and its present operations into two separate public companies: IMA, which will continue to hold and advance the Navidad Area Properties including the Navidad Project; and Golden Arrow, which will hold IMA's other numerous exploration projects and, will focus on grass roots exploration for economic mineral discoveries. On the Effective Date, each of IMA and Golden Arrow will have the same shareholders and each shareholder will have the same percentage interest in both IMA and Golden Arrow as they had in IMA prior to the Effective Date.

Each Shareholder on the Effective Date will, as of the Effective Date, hold 10 New IMA Common Share and one Golden Arrow Common Share for each 10 IMA Common Shares held by such Shareholder on the Effective Date.

#### REASONS FOR THE ARRANGEMENT

The Board of Directors has concluded that the proposed corporate reorganization pursuant to the Arrangement is in the best interests of IMA and its Securityholders, and is designed to enhance Securityholder value, for the following reasons:

- (a) Outside of IMA's 100% owned Navidad Project and certain other mineral properties, held indirectly by IMA in central Chubut Province, Argentina, IMA controls numerous exploration projects. Considerable funds have been spent to advance these projects that are now at various stages of development and located in some of the most prolific mining districts in South America (several in very close proximity to major discoveries). Despite the advancement of many of these projects, they are currently receiving little or no market valuation due to the high profile of the Navidad Project;
- (b) The Navidad Project is at a significantly more advanced stage of development than any of IMA's other projects;
- (c) Segregating the exploration projects into a separate public company is expected to enhance the ability of Golden Arrow to raise equity financing for such projects, without corresponding dilution to the Shareholders;
- (d) Absent segregating the exploration projects into a separate public company, such projects may be underfunded, or not funded at all, given the current financial demands of the Navidad Project;
- (e) Funding the exploration projects in a separate public company will allow those projects to be advanced in a more timely fashion and will allow the Canadian equity markets to focus more specifically on such projects and ascribe an appropriate

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value to them; and

- (f) A development-stage company requires personnel with different skills, technical training and expertise than those required by an exploration company. IMA is presently in the process of hiring such additional personnel, however, such costs are not required to be incurred by an exploration stage company.

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### DETAILS OF THE ARRANGEMENT

The following is a summary of the steps necessary to effect the Arrangement, in the sequence they will occur, and which will occur on the Effective Date without any action on the part of the Securityholders:

- (a) IMA's authorized share structure shall be amended by:
  - (i) altering the name of the 100,000,000 common shares without par value to be 100,000,000 Class A Common shares without par value; and
  - (ii) creating the following two new classes of shares:
    - (A) an unlimited number of common shares without par value; and
    - (B) an unlimited number of special shares without par value.
- (b) Golden Arrow's authorized share structure shall be amended by creating a new class of shares consisting of an unlimited number of preferred shares without par value having the rights and restrictions set out in Golden Arrow's Articles.
- (c) Each IMA Common Share issued and outstanding on the Effective Date (other than shares held by dissenting shareholders) will be exchanged for one New IMA Common Share and one-tenth of one IMA Special Share.
- (d) The IMA Common Shares exchanged for the New IMA Common Shares and the IMA Special Shares shall be cancelled;
- (e) IMA Holdco will transfer to IMA, with good and marketable title free and clear of all encumbrances, all of the shares of IMA Holdings (BVI), IMPSA BVI and IMPSA held by it. As consideration for such shares transferred to IMA, IMA will reduce the debt owed to it by IMA Holdco by an amount equal to the fair market value of such shares;
- (f) Each holder of IMA Special Shares will transfer, with good and marketable title free and clear of all encumbrances, all such shares to Golden Arrow. As consideration for the IMA Special Shares transferred to it, Golden Arrow will issue to such holders, Golden Arrow Common Shares on the basis of one Golden Arrow Common Share for every one whole IMA Special Share held by a respective holder.
- (g) IMA will sell and transfer the Transferred Assets to Golden Arrow in consideration for the issuance by Golden Arrow of

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1,000,000 Golden Arrow Preferred Shares having a collective fair market value equal to the Net Fair Market Value.

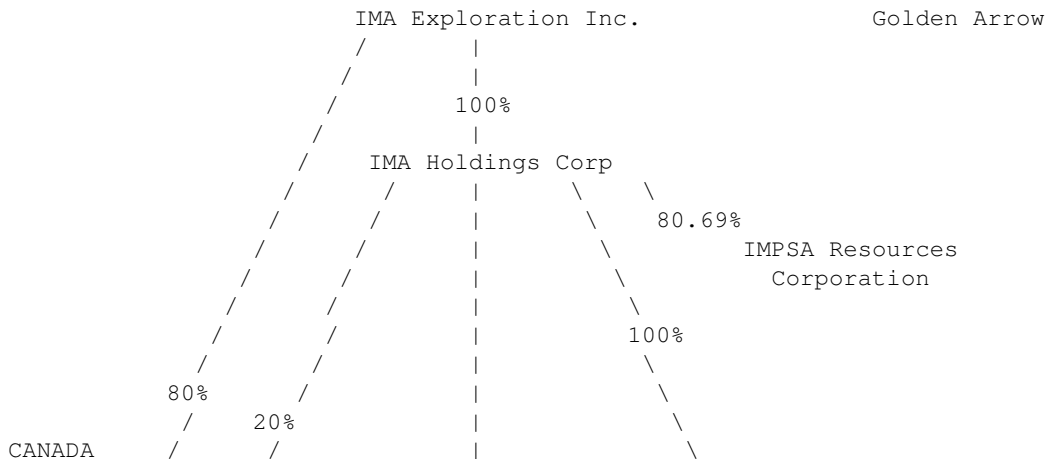
- (h) IMA will purchase for cancellation the IMA Special Shares held by Golden Arrow in consideration for the issuance by IMA to Golden Arrow of the IMA Note having a principal amount and fair market value equal to the aggregate fair market value of the IMA Special Shares purchased for cancellation.
- (i) The authorized share structure of IMA shall be amended by eliminating the 100,000,000 Class A Common Shares without par value and the unlimited Special Shares without par value, none of which are issued.
- (j) Golden Arrow will purchase for cancellation the Golden Arrow Preferred Shares held by IMA in consideration for the issuance by Golden Arrow to IMA of the Golden Arrow Note having a principal amount and fair market value equal to the aggregate fair market value of the Golden Arrow Preferred Shares purchased for cancellation.

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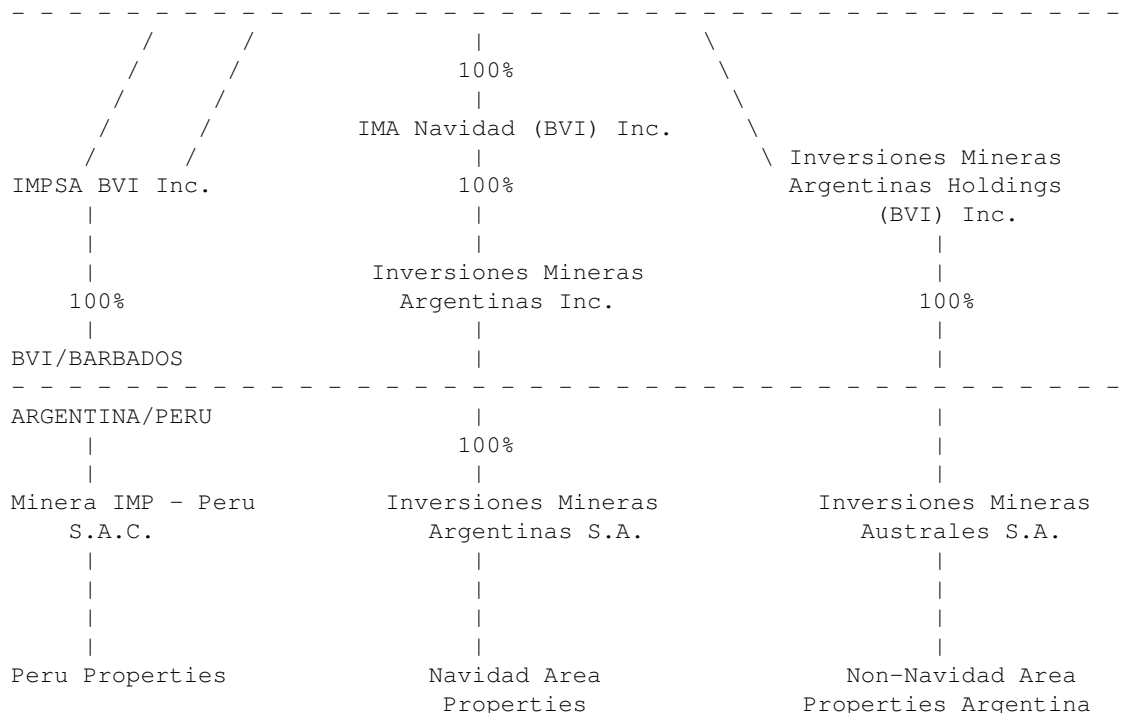
- (k) The authorized share structure of Golden Arrow shall be amended by eliminating the unlimited preferred shares without par value, none of which are issued.
- (l) IMA will pay the principal amount of the IMA Note by transferring to Golden Arrow the Golden Arrow Note which will be accepted by Golden Arrow as full payment, satisfaction and discharge of IMA's obligations under the IMA Note and simultaneously, Golden Arrow will pay the principal amount of the Golden Arrow Note by transferring to IMA, the IMA Note which will be accepted by IMA as full payment, satisfaction and discharge of Golden Arrow's obligation under the Golden Arrow Note. The IMA Note and the Golden Arrow Note will both thereupon be cancelled.

The effect of the Arrangement is illustrated by the following simplified diagrams:

IMMEDIATELY PRIOR TO THE ARRANGEMENT

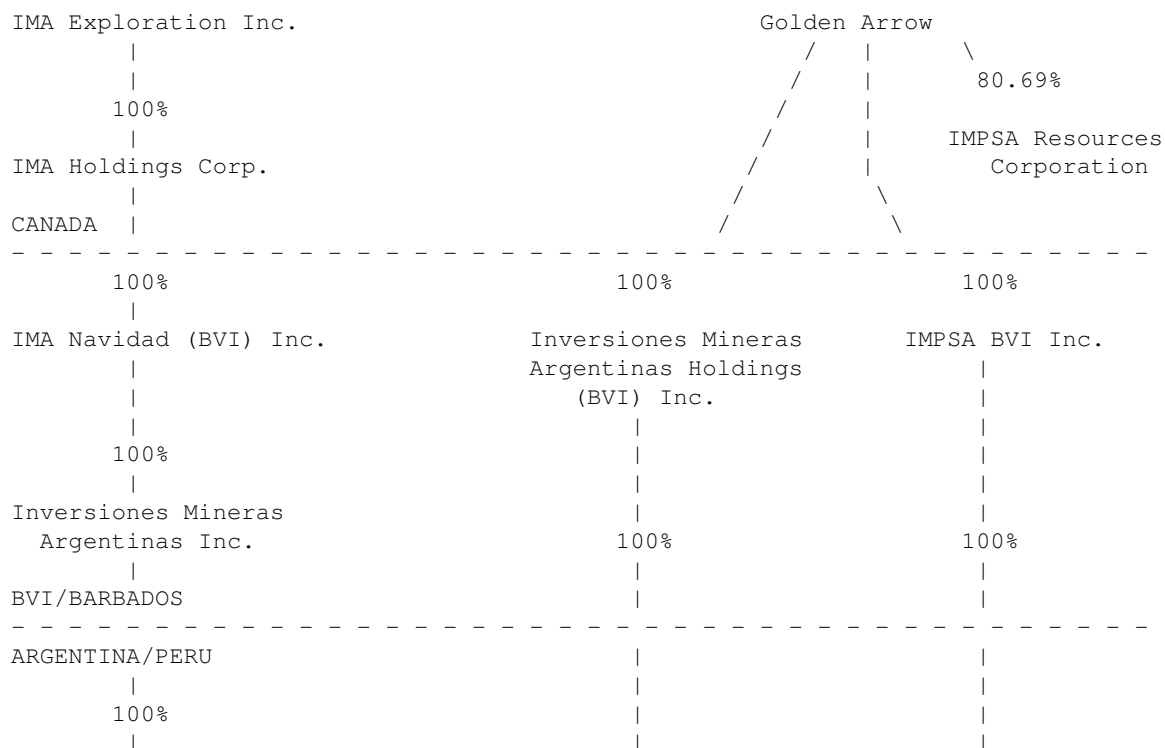


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IMMEDIATELY AFTER THE ARRANGEMENT



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Inversiones Mineras Argentinas S.A.	Inversiones Mineras Australes S.A.	Minera IMP - Peru S.A.C.
Navidad Area Properties	Non-Navidad Area Properties Argentina	Peru Properties

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### ARRANGEMENT AGREEMENT

IMA has entered into the Arrangement Agreement for the purpose of carrying out the Plan of Arrangement and consummating the transactions contemplated by the Plan of Arrangement. The Arrangement Agreement contains covenants, conditions and termination provisions by which the parties to the Arrangement Agreement are bound. The parties to the Arrangement Agreement have also made certain representations and warranties to each other and have agreed to certain other terms and conditions which are standard in a transaction of the nature embodied by the Arrangement. In addition, the Arrangement Agreement provides that it may be amended by IMA before or after the Meeting without further notice to, or the approval of, the Securityholders. The full text of the Arrangement Agreement is attached as Schedule "B" to this Management Proxy Circular and the Plan of Arrangement is attached as Appendix I to the Arrangement Agreement.

### APPROVALS NECESSARY FOR THE ARRANGEMENT

#### SECURITYHOLDER APPROVAL

As provided in the Interim Order, in order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by the Securityholders pursuant to a Special Resolution with Shareholders and Rightsholders voting at the Meeting as two separate classes on that resolution. The full text of the Arrangement Resolution is substantially as set out in paragraph 4 of Schedule "A" to this Management Proxy Circular.

#### COURT APPROVAL

A statutory arrangement under the BCBCA requires Court approval. Prior to the mailing of this Management Proxy Circular, IMA obtained the Interim Order which, among other things, provides for the calling and holding of the Meeting, and certain other procedural matters, and caused to be issued a Notice of Hearing of Petition for the Final Order to approve the Arrangement. The Interim Order does not constitute approval of the Arrangement by the Court. A copy of the Interim Order and the Notice of Hearing of Petition for the Final Order are set forth in Schedules "C" and "D", respectively, to this Management Proxy Circular.

As set out in the Notice of Hearing of Petition, the hearing in respect of the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time), or so soon thereafter as counsel may be heard, or at such other date and time as the Court may direct, on June 29, 2004 at the Law Courts, 800 Smithe Street, Vancouver, British Columbia, subject to the approval of the Securityholders of IMA of the Arrangement. Any Securityholder of IMA has the right to appear at such hearing and present evidence or argument, subject to the rules of the Court. The Interim Order provides that any Securityholder wishing to appear in opposition to the petition for the Final Order shall give IMA at least one weeks notice of the Securityholder's intention to do so.



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The authority of the Court is very broad under section 291 of the BCBCA. IMA has been advised by its legal counsel that the Court may make any inquiry it considers appropriate and may make any order it considers appropriate with respect to the Arrangement. THE COURT WILL CONSIDER, AMONG OTHER THINGS, THE FAIRNESS AND REASONABLENESS TO THE SECURITYHOLDERS OF THE ARRANGEMENT IN ITS ENTIRETY. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court considers fit. The Court will be advised, prior to the hearing, that the Court's approval of the Arrangement will form the basis for an exemption from registration requirements of the 1933 Act pursuant to Section 3(a)(10) thereof with respect to the New IMA Common Shares, the IMA Special Shares and the Golden Arrow Common Shares to be distributed pursuant to the Arrangement.

### REGULATORY APPROVAL

The Arrangement is subject to the prior approval of the TSX-V.

### CONSEQUENCES IF APPROVALS NOT OBTAINED

In the event that the Arrangement is not approved by the Securityholders or the Court in the manner described above, the Arrangement will not be completed.

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### CONDITIONS TO THE ARRANGEMENT BECOMING EFFECTIVE

In addition to Securityholder, Court and regulatory approval, the Arrangement Agreement provides that the implementation of the Arrangement is subject to the satisfaction of various conditions on or prior to the Effective Date, certain of which are summarized below:

- (a) the Arrangement with or without amendment, shall have been approved by the shareholders of IMA, IMA Holdco and Golden Arrow;
- (b) the TSX-V shall have conditionally accepted the Arrangement and confirmed that immediately prior to the Effective Date, the IMA Special Shares and the Golden Arrow Preferred Shares issuable under the Arrangement will be listed on the TSX-V;
- (c) all other consents, orders, rulings, approvals and assurances, including regulatory and judicial approvals and orders required, necessary or desirable for the Arrangement to become effective shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, in a form acceptable to IMA;
- (d) there shall not be in force any order or decree restraining or enjoining the consummation of the transaction contemplated by the Arrangement Agreement;
- (e) IMA shall provide to Golden Arrow, on or before the Effective Date, an indemnity in form and substance acceptable to Golden Arrow for any costs or losses incurred by Golden Arrow in respect of the legal action commenced by a subsidiary of Aquiline Resources Inc. against IMA;
- (f) notices of dissent have not been delivered by Shareholders

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holding greater than 1% of the outstanding IMA Common Shares;

- (g) the Arrangement Agreement shall not have been terminated as provided for therein;
- (h) IMA and IMA Holdco shall have completed a transition pursuant to section 436 of the BCBCA; and
- (i) Prior to the Effective Date, all of the Golden Arrow Properties located in Argentina, shall be indirectly held by IMA Holdings (BVI).

Certain of the foregoing conditions may be waived.

Management of IMA believes that all material consents, orders, rulings, approvals and assurances required for the completion of the Arrangement will be obtained prior to the Effective Date in the normal course upon application therefore, however, there can be no assurance that all of the conditions to the Arrangement will be fulfilled prior to the Effective Date. The fulfillment of certain of the conditions may be waived by mutual agreement of IMA, IMA Holdco and Golden Arrow.

Notwithstanding the fulfilment, or waiver, of the foregoing and other conditions, the Board of Directors may decide at any time before or after the Meeting and prior to the Effective Date not to proceed with the Arrangement, in which event the Arrangement Agreement will be terminated without any further action on the part of the Securityholders or the Court. The Board of Directors considers it appropriate to retain the flexibility not to proceed with the Arrangement should some event occur prior to the Arrangement becoming effective which in the opinion of the Board of Directors makes it inappropriate to complete the Arrangement. The Arrangement Resolution to be considered and passed by both the Shareholders and Rightsholders at the Meeting authorizes such action by the Board of Directors.

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### EFFECTIVE DATE

Upon receipt of Securityholder, Court and regulatory approvals, and satisfaction of all other conditions set forth in the Arrangement Agreement, the Board of Directors intends to make the Arrangement effective. Making the Arrangement effective will be subject to obtaining the Final Order of the Court. If the Final Order approving the Arrangement is granted on June 29, 2004, it is expected that the Effective Date will be on or about July 7, 2004. IMA will announce the Effective Date through the media following receipt of the Final Order.

### DISTRIBUTION OF SHARE CERTIFICATES

Upon the Arrangement becoming effective, the share certificates representing IMA Common Shares will be deemed to represent New IMA Common Shares and no new share certificates will be issued for the New IMA Common Shares issued pursuant to the Arrangement. ACCORDINGLY, IT WILL NOT BE NECESSARY FOR HOLDERS OF IMA COMMON SHARES TO SURRENDER THEIR CERTIFICATES IN CONNECTION WITH THE ARRANGEMENT. Holders of certificates representing IMA Common Shares must retain their certificates as evidence of their ownership of New IMA Common Shares.

Certificates representing Golden Arrow Common Shares will be delivered or mailed as soon as practicable following the Effective Date to those persons whose names appear in the register of holders of IMA Common Shares at the close of business

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on the Effective Date.

### TREATMENT OF FRACTIONAL INTERESTS

Under the Arrangement, no fractional shares will be issued and fractional interests in IMA Special Shares (which will be exchanged for Golden Arrow Common Shares) will be rounded down to the nearest whole IMA Special Share.

### INTENTIONS OF MANAGEMENT

All of the directors and officers of IMA have indicated their intention to vote all of their IMA Common Shares and IMA Options in favour of the Arrangement and the other business to be transacted at the Meeting.

### RECOMMENDATIONS OF BOARD OF DIRECTORS

The Board of Directors has reviewed the terms and conditions of the Arrangement and has unanimously concluded that the terms of the Arrangement are fair and reasonable to, and are in the best interests of IMA and the Securityholders.

In arriving at their recommendation, the Board of Directors considered, among other matters:

- (a) the conclusions of the Board of Directors and management of IMA with respect to the increase in shareholder value. See "The Arrangement - Reasons for the Arrangement";
- (b) the terms of the Arrangement, which will result in Shareholders continuing to own immediately after the Arrangement no less than their current proportionate voting and equity interest in all of the assets currently held by IMA through their ownership in all of the outstanding common shares of both IMA and Golden Arrow;
- (c) the procedures by which the Arrangement will be approved, including the three-quarters majority approval required by Securityholders at the Meeting, with Shareholders and Rightsholders voting as two separate classes, and the requirement of Court approval; and
- (d) the tax treatment of Securityholders under the Arrangement.

ACCORDINGLY, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SECURITYHOLDERS VOTE IN FAVOUR OF THE ARRANGEMENT RESOLUTION AND ALL OTHER MATTERS TO BE CONSIDERED AT THE MEETING.

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### STOCK EXCHANGE LISTINGS

The IMA Common Shares are currently listed and called for trading on the TSX-V and the New IMA Common Shares will continue to be listed and called for trading on the TSX-V, subject to IMA complying with the listing requirements of the TSX-V. IMA is currently classified as a Tier 1 issuer on the TSX-V and expects to continue to be classified as a Tier 1 issuer after the Effective Date of the Arrangement. The Arrangement is subject to the prior approval of the TSX-V, and the conditional approval of the TSX-V of the listing of the Golden Arrow Common Shares upon compliance with the usual requirements of the TSX-V.

The IMA Common Shares are also quoted on the OTC-BB and will continue to be

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quoted on the OTC-BB following the completion of the Arrangement. Management anticipates that Golden Arrow will seek to have its common shares quoted on the Over-The-Counter Bulletin Board following completion of the Arrangement; however, there are no assurances as to if, or when, the Golden Arrow Common Shares will be quoted on the Over-The-Counter Bulletin Board, if ever.

### EFFECT OF THE ARRANGEMENT ON CERTAIN OUTSTANDING SECURITIES OF IMA

#### SHARE PURCHASE WARRANTS

All outstanding IMA Warrants contain standard anti-dilution provisions that will be triggered by the implementation of the Arrangement. Under the Arrangement, each whole IMA Warrant outstanding on the Effective Date will, upon exercise of such IMA Warrant after the Effective Date, entitle the holder thereof to receive one New IMA Common Share and one tenth of a Golden Arrow Common Share at the exercise price per share provided for in the certificate representing such IMA Warrant, subject to the terms and conditions of such certificate.

HOLDERS OF IMA WARRANTS WILL NOT BE PERMITTED TO EXERCISE IMA WARRANTS TO PURCHASE EITHER IMA COMMON SHARES OR GOLDEN ARROW COMMON SHARES SEPARATELY FROM EACH OTHER. A holder of IMA Warrants who partially exercises such IMA Warrants after the Effective Date will be requested to exercise such IMA Warrants in multiples of ten to avoid subscriptions for fractions of Golden Arrow Common Shares.

The net proceeds from the exercise of any IMA Warrants after the Effective Date will be split between IMA and Golden Arrow in proportion to the relative market capitalizations of IMA and Golden Arrow calculated using the weighted average market price of New IMA Common Shares and Golden Arrow Common Shares for the first five trading days commencing when the Golden Arrow Common Shares commence trading on the TSX-V, provided that in no event will Golden Arrow receive less than \$0.50 per Golden Arrow Common Share issued. IMA will, forthwith upon exercise of an IMA Warrant, pay to Golden Arrow on behalf of the holder of IMA Warrants, the amount to which Golden Arrow is entitled. Upon receipt of such funds, Golden Arrow will issue and deliver to the IMA Warrant holder the certificate representing Golden Arrow Common Shares to which such IMA Warrant holder is entitled. The price at which the Golden Arrow Common Shares will be issued will be calculated by dividing the amount of cash received by Golden Arrow from IMA, by the number of Golden Arrow Common Shares issued.

#### STOCK OPTIONS

After the Effective Date, all outstanding IMA Options will remain as constituted immediately prior to the Effective Date, and upon exercise, will entitle the holders to acquire the number of New IMA Common Shares equal to the number of IMA Common Shares they would have acquired had they exercised the options prior to the Effective Date.

The board of directors of Golden Arrow may grant incentive stock options to purchase Golden Arrow Common Shares to its directors, officers, employees and consultants in amounts to be determined by the board of directors of Golden Arrow at exercise prices in compliance with the requirements of the TSX-V.

#### FEEES AND EXPENSES

All costs relating to the Arrangement, including technical, accounting and legal fees, will be borne by IMA.

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### SECURITIES LAWS CONSIDERATIONS

#### CANADIAN SECURITIES LAWS

The issue of the New IMA Common Shares, the IMA Special Shares and the Golden Arrow Common Shares, including the issuance of Golden Arrow Common Shares upon the exercise of IMA Options after the Effective Date, pursuant to the Arrangement will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable provincial securities legislation or, where required, exemption orders or rulings from various securities commissions and regulatory authorities in the provinces and territories of Canada where registered Shareholders of IMA are resident. IMA is currently a "reporting issuer" under the applicable securities legislation in the Provinces of British Columbia, Alberta and Ontario. Under applicable provincial securities laws the New IMA Common Shares and Golden Arrow Common Shares received by Shareholders, holders of IMA Options or holders of IMA Warrants in connection with the Arrangement may be resold in the Provinces of British Columbia, Alberta and Ontario without hold period restriction (provided that no unusual effort is made to prepare the market or create a demand for these securities and no extraordinary commission or consideration is paid in respect of the sale). Resales of New IMA Common Shares and Golden Arrow Common Shares will be subject to resale restrictions where the sale is made from either the holdings of any person, company or combination of persons or companies holding a sufficient number of New IMA Common Shares or Golden Arrow Common Shares, as the case may be, to affect materially the control of IMA or Golden Arrow respectively.

Holders of New IMA Common Shares or Golden Arrow Common Shares should seek legal advice prior to any resale of such securities to ensure that such resale is in compliance with the requirements of applicable securities legislation. Resales of securities acquired in connection with the Arrangement may be required to be made through properly registered securities dealers.

#### UNITED STATES SECURITIES LAWS

The issue of the New IMA Common Shares, the IMA Special Shares and the Golden Arrow Common Shares in connection with the Arrangement will not be registered under the 1933 Act or the securities laws of any state of the United States and will be effected in reliance upon the exemption from registration provided by Section 3(a)(10) of the 1933 Act and exemptions provided under the securities laws of each state of the United States. Section 3(a)(10) of the 1933 Act exempts from registration a security which is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have a right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order will, if granted, constitute the basis for the exemption from the registration requirements of the 1933 Act with respect to the above-named securities issued in connection with the Arrangement.

The New IMA Common Shares and the Golden Arrow Common Shares issuable upon exercise of the IMA Warrants after the Effective Date have not been registered under the 1933 Act. As a result, such IMA Warrants may not be exercised by or on behalf of a U.S. person or in the United States, as these terms are defined in Rule 902 of Regulation S under the 1933 Act, unless the New IMA Common Shares and the Golden Arrow Common Shares issuable upon exercise of such IMA Warrants are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration is available. Unless the New IMA Common Shares and the Golden Arrow Common Shares issuable upon exercise of the IMA Warrants are registered or exempt under the 1933 Act, holders of the IMA Warrants who are U.S. persons or resident in the United

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States must either resell the IMA Warrants to persons outside the United States or permit the IMA Warrants to expire.

The New IMA Common Shares issuable upon exercise of IMA Options after the Effective Date have not been registered under the 1933 Act. As a result, such IMA Options may not be exercised by or on behalf of a U.S. person or in the United States, as these terms are defined in Rule 902 of Regulation S under the 1933 Act, unless the New IMA Common Shares issuable upon exercise of such IMA Options are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration is available. Unless the New IMA Common Shares issuable upon exercise of IMA Options are registered or exempt under the 1933 Act, holders of IMA Options who are U.S. persons or resident in the United States may not be able to exercise their IMA Options and may be required to permit their IMA Options to expire.

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The New IMA Common Shares and the Golden Arrow Common Shares received pursuant to the Arrangement will not be registered under the 1933 Act in reliance upon the exemption provided by Section 3(a)(10) thereof. The restrictions on resale imposed by the 1933 Act will depend on whether the holder of IMA or Golden Arrow securities, respectively, is or, following the Arrangement, will be an "affiliate" of the issuer of such securities. As defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such issuer.

Persons who are not and following the Arrangement will not be affiliates of IMA or Golden Arrow, respectively, may resell their securities of such issuer in the United States without restriction under the 1933 Act.

Persons who are or after the Arrangement will be an affiliate of IMA or Golden Arrow, respectively, may not resell their securities of such issuer in the absence of registration under the 1933 Act, unless such sales comply with the exemption from registration contained in Rule 145(d) under the 1933 Act, or unless registration is not required pursuant to the exclusion from registration provided by Regulation S under the 1933 Act.

In general, under Rule 145(d) as currently in effect, persons who are or after the Arrangement will be affiliates of IMA or Golden Arrow, respectively, will be entitled to resell in the United States during any three-month period that number of securities of the issuer that does not exceed the greater of one percent of the then outstanding class of securities or, if such securities are listed on a United States securities exchange or traded on Nasdaq, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to certain restrictions on manner of sale, aggregation rules and the availability of public information about the issuer. Affiliates of IMA or Golden Arrow, respectively, who are not affiliates of the issuer following the Arrangement, and who hold their securities of such issuer for a period of one year after the Arrangement, may resell such securities without regard to the volume and manner of sale limitations set forth in the preceding sentence, subject to the availability of certain public information about the applicable issuer. Affiliates of IMA or Golden Arrow, respectively, who are not affiliates of the issuer following the Arrangement, have not been affiliates during the three months preceding the date of sale, and who hold their securities of such issuer for a period of two years after the Arrangement, may resell such securities without any restrictions.

Subject to certain limitations, all holders of New IMA Common Shares, Golden

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Arrow Common Shares and the IMA Warrants outstanding after the Effective Date may immediately resell such securities outside the United States without registration under the 1933 Act pursuant to Regulation S under the 1933 Act. Generally, subject to certain limitations, holders of IMA or Golden Arrow securities following the Arrangement who are not affiliates of the respective issuer, or who are affiliates of such issuer solely by virtue of their status as an officer or director of the issuer may, under the securities laws of the United States, resell their securities of such issuer in an "offshore transaction" (which would include a sale through the TSX-V) if neither the seller, an affiliate of the seller, nor any person acting on their behalf engages in any "directed selling efforts" in the United States. For the purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the resale transaction. Certain additional restrictions and qualifications are applicable to a holder of IMA or Golden Arrow securities who are affiliates of such issuer.

The New IMA Common Shares and the Golden Arrow Common Shares issuable upon exercise of IMA Warrants after the Effective Date have not been registered under the 1933 Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available.

The New IMA Common Shares issuable upon exercise of IMA Options after the Effective Date have not been registered under the 1933 Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available.

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### INCOME TAX CONSIDERATIONS

#### CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

##### GENERAL

The following general summary fairly describes the principal Canadian federal income tax consequences associated with the Arrangement to Shareholders of IMA whose shares constitute capital property for the purposes of the Income Tax Act (Canada) (the "ITA") and who deal at arm's length with IMA.

This summary is based on the current provisions of the ITA, the Regulations thereunder in force on the date hereof, any proposed amendments to the ITA, or the Regulations which have been previously publicly announced by the federal Minister of Finance, and the current written administrative and assessing policies of the Canada Revenue Agency. This description is not exhaustive of all possible Canadian federal income tax consequences and does not take into account or anticipate any changes in law, whether by legislative, government or judicial action, other than any proposed amendments to the ITA or Regulations which have been publicly announced by the federal Minister of Finance as of the date hereof. This description also does not take into account any provincial or foreign tax considerations other than those expressly discussed herein.

THIS SUMMARY IS OF GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY SHAREHOLDER, AND NO

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REPRESENTATION WITH RESPECT TO THE CANADIAN INCOME TAX CONSEQUENCES TO ANY SUCH SHAREHOLDER IS MADE. ACCORDINGLY, SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS FOR ADVICE WITH RESPECT TO THE CANADIAN INCOME TAX CONSEQUENCES ASSOCIATED WITH THE ARRANGEMENT.

### SHAREHOLDERS RESIDENT IN CANADA

The shares of IMA will generally constitute capital property to a Shareholder unless the Shareholder is a trader or dealer in securities or is engaged in an adventure in the nature of trade with respect to such shares. A Canadian resident Shareholder, other than a trader or dealer in securities, whose shares might not otherwise qualify as capital property may be entitled to obtain such qualification by making an irrevocable election pursuant to the provisions of subsection 39(4) of the ITA. A NON-RESIDENT CANNOT ELECT UNDER SUBSECTION 39(4) OF THE ITA. SHAREHOLDERS CONTEMPLATING MAKING SUCH AN ELECTION SHOULD FIRST CONSULT THEIR OWN TAX ADVISORS AS SUCH AN ELECTION WILL AFFECT THE INCOME TAX TREATMENT FOR OTHER CANADIAN SECURITIES HELD.

THE CONSEQUENCES OF THE ARRANGEMENT TO SHAREHOLDERS WHOSE SHARES DO NOT CONSTITUTE CAPITAL PROPERTY WILL BE SIGNIFICANTLY DIFFERENT THAN THOSE DESCRIBED BELOW AND SUCH SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THIS MATTER.

### EXCHANGE OF IMA COMMON SHARES FOR NEW IMA COMMON SHARES AND IMA SPECIAL SHARES

Under the Arrangement, a Shareholder will receive one New IMA Common Share and one-tenth of one IMA Special Share in exchange for each IMA Common Share currently held.

A Shareholder who acquires New IMA Common Shares and IMA Special Shares as a consequence of the Arrangement, will be deemed to have disposed of the Shareholder's existing IMA Common Shares for the proceeds of disposition equal to the adjusted cost base of such shares at the time of the exchange. Accordingly, neither a capital gain nor a capital loss will be realized on the exchange.

The cost of the New IMA Common Shares and IMA Special Shares received by a Shareholder will be equal, in aggregate, to the adjusted cost base of the IMA Common Shares exchanged by that Shareholder but apportioned between the New IMA Common Shares and the IMA Special Shares.

### EXCHANGE OF IMA SPECIAL SHARES FOR GOLDEN ARROW COMMON SHARES

Pursuant to the terms of the Arrangement, the holders of IMA Special Shares will sell such shares to Golden Arrow in exchange for consideration consisting solely of one Golden Arrow Common Share for one whole IMA Special Share so transferred.

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A Shareholder who exchanges his IMA Special Shares pursuant to the Arrangement, and who does not include in computing his income for the year any portion of the gain or loss, as otherwise determined from the disposition of the IMA Special Shares, will be deemed to have disposed of the Shareholder's IMA Special Shares for proceeds of disposition equal to the adjusted cost base of such shares the time of the exchange. Accordingly, provided the IMA Special Shares are held as capital property, no gain or loss will result.

The Golden Arrow Common Shares received by a holder of IMA Special Shares, pursuant to the Arrangement, will be deemed to have been acquired at a cost equal to the aggregate adjusted cost base of the Shareholder's former IMA



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Special Shares at the time of the exchange. The adjusted cost base of each Golden Arrow Common Share owned by a Shareholder after the Arrangement will be an amount equal to the aggregate adjusted cost base of the Golden Arrow Common Shares acquired pursuant to the Arrangement divided by the total number of Golden Arrow Common Shares owned after the arrangement.

### CONSEQUENCES OF HOLDING NEW IMA COMMON SHARES AND GOLDEN ARROW COMMON SHARES

Any dividends received by an individual resident in Canada on New IMA Common Shares or Golden Arrow Common Shares following the completion of the Arrangement will be included in computing the Shareholder's income as a taxable dividend from a taxable Canadian corporation and will be subject to the normal gross-up and dividend tax credit rules. A Shareholder that is a Canadian resident corporation will generally be entitled in computing its taxable income for a taxation year to a deduction equal to the amount of the taxable dividend received by it on a share in a year. However, such dividends will generally be subject to refundable Part IV tax if received by a Canadian private corporation.

### SHAREHOLDERS NOT RESIDENT IN CANADA

The following portion of this summary is applicable to a Shareholder of IMA Common Shares who, for the purposes of the ITA, has not been a resident of Canada at any time while the Shareholder held IMA Common Shares and to whom the IMA Common Shares are not taxable Canadian property.

The IMA Common Shares will generally not be taxable Canadian property provided that:

1. the Shareholder does not use or hold, and is not deemed to use or hold, these shares in connection with a business carried on in Canada; and
2. the Shareholder and non-arm's length persons, either alone or together, have not owned (or had the option to acquire) 25% or more of the issued shares of any class or series of IMA at any time within the five year period immediately before the Effective Date.

A non-resident Shareholder of IMA Common Shares that is not considered taxable Canadian property will not be subject to Canadian income tax in respect of the events occurring as a consequence of the Arrangement.

If the IMA Common Shares were taxable Canadian property, then the New IMA Common Shares and the Golden Arrow Common Shares will also be taxable Canadian property. The exchange by Shareholders of IMA Common Shares for New IMA common and IMA Special Shares, and the subsequent exchange of IMA Special Shares for Golden Arrow Common Shares will not eliminate the New IMA Common Shares and Golden Arrow Common Shares from being considered taxable Canadian property.

### CONSEQUENCES OF HOLDING IMA WARRANTS

The following portion of this summary is applicable to Canadian resident holders of IMA Warrants whose IMA Warrants constitute capital property for the purposes of the ITA and who deal at arm's length with IMA.

This portion of the summary assumes that the current contractual rights to a warrant holder are not disposed of in any way as a consequence of the Arrangement.

The IMA Warrants' current contractual agreements include provisions that adjust

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the terms of the IMA Warrants upon IMA completing certain transactions such as the Arrangement. As a result, after the Arrangement a holder of a IMA Warrant who chooses to exercise such IMA Warrant will receive one New IMA Common Share and one tenth of a Golden Arrow Common Share.

Because the contractual rights to the IMA Warrants are not disposed of in any manner pursuant to the Arrangement, a warrant holder should not have a disposition of the IMA Warrants held as a consequence of the Arrangement.

Upon exercise of the IMA Warrants, the New IMA Common Shares and the Golden Arrow Shares acquired by the holder will have an aggregate adjusted cost base equal to the sum of the initial cost and the exercise price of the IMA Warrants to the warrant holder. This aggregate adjusted cost base should be allocated between the IMA Common Shares and the Golden Arrow Common Shares. The ITA does not define an appropriate allocation method. Shareholders should consult their tax advisors as to an appropriate allocation method.

### WARRANT HOLDERS NOT RESIDENT IN CANADA

The following portion of this summary is applicable to holders of IMA Warrants who, for the purposes of the ITA, has not been a resident of Canada at any time while holding IMA Warrants and to whom the IMA Warrants are not taxable Canadian property.

The IMA Warrants will generally not be taxable Canadian property provided that:

1. the holder does not use or hold, and is not deemed to use or hold, these IMA Warrants in connection with a business carried on in Canada; and
2. the holder and non-arm's length persons, either alone or together, have not owned (or had the option to acquire) 25% or more of the issued shares of any class or series of IMA at any time within the five year period immediately before the Effective Date.

A non-resident holder of IMA Warrants that are not considered taxable Canadian property will not be subject to Canadian income tax in respect of the events occurring as a consequence of the Arrangement.

### UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This section summarizes the material anticipated United States federal income tax consequences of the Arrangement to persons ("U.S. Shareholders") who:

1. for purposes of the U.S. Internal Revenue Code of 1986 (the "Code"), are U.S. persons and, for purposes of the ITA and the Canada-United States Income Tax Convention, are citizens or residents of the United States and not resident in Canada; and
2. hold IMA Common Shares as capital assets for purposes of the Code.

The tax consequences of the Arrangement to persons who are not U.S. Shareholders may differ materially from the tax consequences discussed in this section.

This discussion is based upon the current provisions of:

1. the Code and Treasury Regulations under the Code;
2. the Canada-United States Income Tax Convention;
3. the administrative policies published by the U.S. Internal Revenue Services; and

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4. judicial decisions,

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all of which are subject to change either prospectively or retroactively. We do not take into account the tax laws of the various state and local jurisdictions of the U.S. or foreign jurisdictions.

THIS DISCUSSION IS INTENDED TO BE A DESCRIPTION OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS RELATING TO THE ARRANGEMENT. THIS DISCUSSION DOES NOT ADDRESS ALL POSSIBLE FEDERAL, STATE, LOCAL OR FOREIGN TAX CONSEQUENCES RELATING TO THE ARRANGEMENT OR OWNERSHIP OF IMA COMMON SHARES. THE DISCUSSION SPECIFICALLY DOES NOT ADDRESS CONSEQUENCES PECULIAR TO A U.S. SHAREHOLDER IF THE U.S. SHAREHOLDER IS SUBJECT TO SPECIAL PROVISIONS OF U.S. INCOME TAX LAW (INCLUDING, WITHOUT LIMITATION, DEALERS IN SECURITIES OR FOREIGN CURRENCY, TAX-EXEMPT ENTITIES, BANKS, INSURANCE COMPANIES OR OTHER FINANCIAL INSTITUTIONS, PERSONS THAT HOLD IMA COMMON SHARES AS PART OF A "STRADDLE," "HEDGE" OR "CONVERSION TRANSACTION," REAL ESTATE INVESTMENT TRUSTS, REGULATED INVESTMENT COMPANIES AND PERSONS THAT HAVE A "FUNCTIONAL CURRENCY" OTHER THAN THE U.S. DOLLAR, TAX-EXEMPT ORGANIZATIONS, QUALIFIED RETIREMENT PLANS, INDIVIDUAL RETIREMENT ACCOUNTS AND OTHER TAX-DEFERRED ACCOUNTS AND PERSONS THAT OWN IMA COMMON SHARES THROUGH PARTNERSHIPS OR OTHER PASS-THROUGH ENTITIES). IMA HAS NEITHER REQUESTED NOR WILL IT RECEIVE AN ADVANCE RULING FROM THE U.S. INTERNAL REVENUE SERVICE ("IRS") AS TO THE TAX CONSEQUENCES OF THE ARRANGEMENT. IN VIEW OF THE INDIVIDUAL NATURE OF EACH SHAREHOLDER'S TAX SITUATION AND THE SUMMARY NATURE OF THIS DISCUSSION, THE U.S. SHAREHOLDERS OF IMA ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES TO THEM OF THE ARRANGEMENT.

This discussion is based upon certain understandings and assumptions with respect to the business, assets and shareholders of IMA and its subsidiaries, including the following: IMA and its subsidiaries are not, have not at any time been and will not be (a) "controlled foreign corporations" as defined in Section 957(a) of the Code, (b) "foreign investment companies" as defined in Section 1246(b) of the Code, or (c) "foreign personal holding companies" as defined in Section 552 of the Code. Additionally, this discussion assumes that IMA and its subsidiaries are "passive foreign investment companies" ("PFICs") as defined in Section 1297 of the Code. In the event that one or more of such understandings or assumptions proves to be inaccurate, the following discussion may not apply and material adverse U.S. federal income tax consequences may result to U.S. Shareholders.

### SUMMARY

The Arrangement is likely to be characterized for U.S. federal income tax purposes as

- o A distribution by IMA Holdco of IMPSA BVI, IMA Holdings (BVI) and IMPSA ("the Subsidiaries Shares") to IMA;
- o A transfer of the Subsidiaries Shares from IMA to Golden Arrow;
- o A distribution of Golden Arrow Common Shares by IMA to the U.S. Shareholders; and
- o Management of IMA has determined the taxable income to U.S. Shareholders to be US\$0.05 per IMA Common Share.

The U.S. Shareholders would likely be taxed under the PFIC rules, as set out

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below, on their pro rata share of the fair market value of Golden Arrow Common Shares received as a result of the Arrangement.

### GENERAL RULES FOR DISTRIBUTIONS

A U.S. Shareholder would generally include in income as a dividend the fair market value of the property distributed to them to the extent of the distributing company's current or accumulated earnings and profits as computed under U.S. income tax principles. To the extent the fair market value of the distributed property exceeds the distributing company's current or accumulated earnings and profits, such excess will be treated first as a return of capital up to a U.S. Shareholder's adjusted tax basis in the distributing company shares, and then as gain from the sale or exchange of such shares.

However, these rules may be overridden by the PFIC rules discussed below if the distributing company is a PFIC.

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### PASSIVE FOREIGN INVESTMENT COMPANY RULES

Section 1297 of the Code defines a PFIC as a corporation that is not formed in the U.S. and, for any taxable year, either (a) 75% or more of its gross income is "passive income" or (b) the average percentage, by fair market value of its assets that produce or are held for the production of "passive income", is 50% or more. "Passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. However, gains resulting from commodities transactions are generally excluded from the definition of passive income if "substantially all" of a merchant's, producer's or handler's business is as an active merchant, producer or handler of such commodities.

For purposes of the PFIC income test and the assets test, if a foreign corporation owns (directly or indirectly) at least 25% by value of the stock of another corporation, such foreign corporation shall be treated as if it (a) held a proportionate share of the assets of such other corporation, and (b) received directly its proportionate share of the income of such other corporation. Also, for purposes of such PFIC tests, passive income does not include any interest, dividends, rents or royalties that are received or accrued from a "related" person to the extent such amount is properly allocated to the income of such related person which is not passive income. For these purposes, a person is related with respect to a foreign corporation if such person "controls" the foreign corporation or is controlled by the foreign corporation or by the same persons that control the foreign corporation. For these purposes, "control" means ownership, directly or indirectly, of stock possessing more than 50% of the total voting power of all classes of stock entitled to vote or of the total value of stock of a corporation.

Whether IMA and its subsidiaries are PFICs in any year and the tax consequences relating to PFIC status will depend on the composition of income and assets, including cash. A determination of the PFIC status of IMA and its subsidiaries has not been taken. However, because IMA and its subsidiaries have nominal operating revenue, it is likely that IMA and its subsidiaries are PFICs.

Distributions from a PFIC received by a U.S. Shareholder in any taxable year that are greater than 125% of the average annual distributions received by such U.S. Shareholder in the three preceding taxable years (or the U.S. Shareholder's holding period for the shares, if shorter) constitute "excess distributions" under the PFIC rules. In contrast to the general rules for dividend distributions noted above, the amount of a distribution that may be considered

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an "excess distribution" is not limited by the PFIC's earnings and profits. As well, any gain from the disposition of stock in a PFIC will constitute an "excess distribution", and not a capital gain.

Distributions which constitute "excess distributions" from a PFIC are subject to the following special rules: (1) the "excess distributions" would be allocated ratably over a U.S. Shareholder's holding period for the shares, (2) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which IMA or any of its subsidiaries is a PFIC would be treated as ordinary income in the current taxable year, and (3) the amount allocated to each of the other taxable years would be subject to the highest rate of tax on ordinary income in effect for that year and to an interest charge based on the value of the tax deferred during the period during which the shares are owned.

Where a U.S. Shareholder owns stock in a PFIC indirectly through another entity, any disposition of the lower tier PFIC stock by the entity directly owning the PFIC stock ("the direct PFIC shareholder") is generally treated as a disposition to the U.S. Shareholder (an "indirect disposition"). In addition, any distribution by the lower tier PFIC to the direct PFIC shareholder is generally treated as a distribution to the U.S. Shareholder (an "indirect distribution"). To the extent that an actual distribution to the U.S. Shareholder or an actual disposition of PFIC stock by the U.S. Shareholder consists of amounts previously taxed as gains on indirect distributions or dispositions, such amount generally should not be subject to additional U.S. tax.

Any distribution from a PFIC that is not an excess distribution is subject to the general rules of the Code. Pursuant to Section 1291(b)(2)(B) of the Code, the distribution will not be considered to be an "excess distribution" in the taxation year that the U.S. Shareholder's holding period in the PFIC stock begins.

U.S. Shareholders can avoid the adverse tax consequences of PFIC status discussed above by making an election to treat the PFIC as a Qualified Electing Fund ("QEF"). A valid election would generally include certain financial information with respect to the PFIC. In certain cases a separate election to recognize any gain in the shares will have to be made as well as the QEF election. If QEF status is elected, the U.S. Shareholder must, under the general

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rule, include in taxable income each year their pro rata share of the PFIC's ordinary earnings and net capital gains. The U.S. Shareholder may, however, defer payment of these taxes until they receive a distribution from the PFIC. In this case, the U.S. Shareholder will be required to pay interest on the tax liability to take into account the benefit of the deferral.

Alternatively, U.S. Shareholders who actually or constructively own "marketable stock" in a PFIC may make an election under Section 1296 of the Code to mark those shares to market annually, rather than being subject to the excess distribution rules described above. Amounts included in or deducted from income under this mark-to-market election and actual gains and losses realized upon disposition, subject to specific limitations, should be treated as ordinary income or losses.

THE U.S. SHAREHOLDERS ARE URGED TO CONTACT THEIR OWN TAX ADVISORS REGARDING THE AVAILABILITY AND ADVISABILITY OF THESE ELECTIONS.

The PFIC rules are extremely complex and subject to interpretation. The implementation of certain aspects of the PFIC rules requires the issuance of Treasury Regulations which in many instances have not been promulgated and which

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may be promulgated and which may have retroactive effect. There can be no assurance that any of these proposals will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. ACCORDINGLY, AND DUE TO THE COMPLEXITY OF THE PFIC RULES, U.S. SHAREHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE IMPACT OF THESE RULES ON THEIR INVESTMENT IN THE IMA SHARES.

### THE DISTRIBUTION OF IMPSA BVI, IMA HOLDINGS (BVI) AND IMPSA ("THE SUBSIDIARIES SHARES") FROM IMA HOLDCO TO IMA

As a result of the distribution of the Subsidiaries Shares from IMA Holdco to IMA, and given that the Subsidiaries Shares are likely PFIC shares, the U.S. Shareholders would generally be treated as having indirectly disposed of the Subsidiaries Shares under Section 1.1291-3(e)(2)(i) of the Proposed Treasury Regulations. Any gain would be taxed in its entirety as an "excess distribution" as discussed above.

IMA Holdco also would generally be treated as making an indirect distribution to the U.S. Shareholders under Section 1.1291-2(f)(1) of the Proposed Treasury Regulations. This distribution would ordinarily subject the U.S. Shareholders to tax under the general rules for distributions as discussed above. However, given that IMA Holdco is likely a PFIC, this distribution, or a portion thereof, may be treated as an "excess distribution" under the PFIC rules. To the extent that the amount of the distribution has previously been taxed under the PFIC rules, such amounts should not be subject to additional U.S. tax.

If the IRS were to find that the distribution of the Subsidiaries Shares constituted a distribution described in Section 355 of the Code, pursuant to Section 1.1291-3(b)(1) of the Proposed Treasury Regulations the U.S. Shareholders would likely be treated as having indirectly disposed of all their shares in IMA Holdco. However, it is unlikely that the distribution would qualify under Section 355 of the Code, because the so called "active trade or business" requirement would likely not be satisfied.

### THE TRANSFER OF THE SUBSIDIARIES SHARES FROM IMA TO GOLDEN ARROW

As a result of the transfer of the Subsidiaries Shares from IMA to Golden Arrow and given that the Subsidiaries Shares are likely PFIC shares, the U.S. Shareholders would likely be treated as having indirectly disposed of the Subsidiaries Shares under Section 1.1291-3(e)(2)(i) of the Proposed Treasury Regulations. The U.S. Shareholders generally would be subject to U.S. tax on the "indirect disposition" and any gain would be taxed in its entirety as an "excess distribution" as discussed above. However, to the extent that the amount of any gain has previously been taxed under the PFIC rules, such amounts should not be subject to additional U.S. tax.

### THE DISTRIBUTION OF GOLDEN ARROW COMMON SHARES TO SHAREHOLDERS OF IMA

As a result of the distribution of Golden Arrow Common Shares to U.S. Shareholders of IMA and given that the Golden Arrow shares are likely PFIC shares, the U.S. Shareholders would likely be treated as having indirectly disposed of the Golden Arrow Common Shares under Section 1.1291-3(e)(2)(i) of the Proposed Treasury Regulations. The U.S. Shareholders generally would be subject to U.S. tax on the "indirect disposition" and any

gain would be taxed in its entirety as an "excess distribution" as discussed above. However, to the extent that the amount of any gain has previously been taxed under the PFIC rules, such amounts should not be subject to additional

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U.S. tax.

The distribution of the Golden Arrow Common Shares to U.S. Shareholders of IMA would ordinarily subject the U.S. Shareholders to U.S. tax under the general rules for distributions discussed above on their pro-rata share of the fair market value of Golden Arrow Common Shares received. However, given that IMA is likely a PFIC, this distribution, or a portion thereof, may be treated as an "excess distribution" under the PFIC rules. To the extent that the amount of the distribution has previously been taxed under the PFIC rules, such amount should not be subject to additional U.S. tax.

The adjusted tax basis of the Golden Arrow Common Shares distributed to the U.S. Shareholders will be equal to the fair market value of such shares, and the holding period for such shares will commence on the date of distribution.

### OTHER MATTERS

On the assumption that IMA Holdco and its subsidiaries are PFICs in the current or prior year, they will not be qualified foreign corporations as defined in Section 1(h)(11)(C) of the Code, and accordingly dividends received directly or as "indirect distributions" by U.S. Shareholders who are individuals, estates or complex trusts would not be eligible for the preferred long term capital gains tax rate.

Dividends paid by IMA and its subsidiaries directly or as "indirect distributions" generally will likely constitute foreign source dividend income and "passive income" for purposes of the foreign tax credit (which could reduce the amount of foreign tax credit available to a U.S. Shareholder). The Code applies various limitations on the amount of foreign tax credits that may be available to a U.S. Shareholder. BECAUSE OF THE COMPLEXITY OF THOSE LIMITATIONS, U.S. SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE AVAILABILITY OF FOREIGN TAX CREDITS.

The distributions from IMA and its subsidiaries generally should not be eligible for the dividends received deduction.

Management has determined the taxable income to U.S. Shareholders to be US\$0.05 per IMA Common Share.

### RIGHTS OF DISSENT

#### DISSENTERS' RIGHTS

The BCBCA does not contain a provision requiring IMA to purchase IMA Common Shares from Shareholders who dissent from the Arrangement. However, pursuant to the terms of the Interim Order and the Plan of Arrangement, IMA has granted the Shareholders who object to the Special Resolution the right to dissent (the "Dissent Right") in respect of the Arrangement. The Dissent Right is granted in Article 6 of the Plan of Arrangement and is summarized below. The terms of such Dissent Right are similar to the dissenting shareholder provisions of the BCBCA. THE FOLLOWING IS A SUMMARY ONLY AND SHAREHOLDERS ARE REFERRED TO ARTICLE 6 OF THE PLAN OF ARRANGEMENT FOR THE COMPLETE DISSENT RIGHTS.

A Shareholder who wishes to exercise his or her Dissent Right (a "Dissenting Shareholder") must give written notice of his or her dissent (a "Notice of Dissent") to IMA by depositing such Notice of Dissent with IMA, or mailing it to IMA by registered mail, at its head office at Suite 709, 837 West Hastings Street, Vancouver, British Columbia V6C 3N6, marked to the attention of the President not later than two days before the Meeting. A Shareholder who wishes to dissent must prepare a separate notice of dissent for (i) the Shareholder, if the Shareholder is dissenting on its own behalf and (ii) each person who

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beneficially owns shares in the Shareholder's name and on whose behalf the Shareholder is dissenting. To be valid, a Notice of Dissent must:

- (a) identify in each Notice of Dissent the person on whose behalf dissent is being exercised;
- (b) set out the number of IMA Common Shares in respect of which the Shareholder is exercising the Dissent Right (the "Notice Shares"), which number cannot be less than all of the IMA Common Shares held by the beneficial holder on whose behalf the Dissent Right is being exercised;

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- (c) if the Notice Shares constitute all of the shares of which the Dissenting Shareholder is both the registered owner and beneficial owner and the Dissenting Shareholder owns no other IMA Common Shares as beneficial owner, a statement to that effect;
- (d) if the Notice Shares constitute all of the shares of which the Dissenting Shareholder is both the registered and beneficial owner but the Dissenting Shareholder owns other IMA Common Shares as beneficial owner, a statement to that effect, and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number of those other shares that are held by each of those registered owners, and
  - (iii) a statement that Notices of Dissent are being or have been sent in respect of all those other shares;
- (e) if dissent is being exercised by the Dissenting Shareholder on behalf of a beneficial owner who is not the Dissenting Shareholder, a statement to that effect, and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the Dissenting Shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the Dissenting Shareholder's name.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Special Resolution. A vote against the Special Resolution or the execution or exercise of a proxy does not constitute a Notice of Dissent. A Shareholder is not entitled to exercise a Dissent Right with respect to any IMA Common Shares if the Shareholder votes (or instructs or is deemed, by submission of any incomplete proxy, to have instructed his or her proxyholder to vote) in favour of the Arrangement Resolution. A Dissenting Shareholder, however, may vote as a proxy for a Shareholder whose proxy required an affirmative vote, without affecting his or her right to exercise the Dissent Right.

If IMA intends to act on the authority of the Arrangement Resolution, it must send a notice (the "Notice to Proceed") to the Dissenting Shareholder promptly after the later of:



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- (a) the date on which IMA forms the intention to proceed, and
- (b) the date on which the Notice of Dissent was received.

If IMA has acted on the Arrangement Resolution it must promptly send a Notice to Proceed to the Dissenting Shareholder. The Notice to Proceed must be dated not earlier than the date on which it is sent and state that IMA intends to act or has acted on the authority of the Arrangement Resolution and advise the Dissenting Shareholder of the manner in which dissent is to be completed.

On receiving a Notice to Proceed, the Dissenting Shareholder is entitled to require IMA to purchase all of the IMA Common Shares in respect of which the Notice of Dissent was given.

A Dissenting Shareholder who receives a Notice to Proceed is bound to sell its IMA Common Shares to IMA and must send to IMA within one month after the date of the Notice to Proceed:

- (a) a written statement that the Dissenting Shareholder requires IMA to purchase all of the Notice Shares;
- (b) the certificates representing the Notice Shares; and

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- (c) if dissent is being exercised by the Shareholder on behalf of a beneficial owner who is not the Dissenting Shareholder, a written statement signed by the beneficial owner setting out whether the beneficial owner is the beneficial owner of other shares of IMA and if so, setting out:
  - (i) the names of the registered owners of those other shares,
  - (ii) the number of those other share that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares,

whereupon IMA is bound to purchase them in accordance with the Notice of Dissent.

IMA and the Dissenting Shareholder may agree on the amount of the payout value of the Notice Shares and in that event, IMA must either promptly pay that amount to the Dissenting Shareholder or send a notice to the Dissenting Shareholder that IMA is unable lawfully to pay Dissenting Shareholders for their shares as IMA is insolvent or if the payment would render IMA insolvent.

If IMA and the Dissenting Shareholder do not agree on the amount of the payout value of the Notice Shares, the Dissenting Shareholder or IMA may apply to the court and the court may:

- (a) determine the payout value of the Notice Shares or order that the payout value of the Notice Shares be established by arbitration or by reference to the registrar or a referee of the court;

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- (b) join in the application each Dissenting Shareholder who has not agreed with IMA on the amount of the payout value of the Notice Shares; and
- (c) make consequential orders and give directions it considers appropriate.

Promptly after a determination of the payout value of the Notice Shares has been made, IMA must either pay that amount to the Dissenting Shareholder or send a notice to the Dissenting Shareholder that IMA is unable lawfully to pay Dissenting Shareholders for their shares as IMA is insolvent or if the payment would render IMA insolvent. If the Dissenting Shareholder receives a notice that IMA is unable to lawfully pay Dissenting Shareholders for their shares the Dissenting Shareholder may within 30 days after receipt, withdraw his or her Notice of Dissent. If the Notice of Dissent is not withdrawn the Dissenting Shareholder remains a claimant against IMA to be paid as soon as IMA is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of IMA but in priority to its shareholders.

Any notice required to be given by IMA or a Dissenting Shareholder to the other in connection with the exercise of the Dissent Right will be deemed to have been given and received, if delivered, on the day of delivery, or, if mailed, on the earlier of the date of receipt and the second business day after the day of mailing, or, if sent by telecopier or other similar form of transmission, the first business day after the date of transmittal.

A Shareholder who:

- (a) properly exercises the Dissent Right by strictly complying with all of the procedures ("Dissent Procedures") required to be complied with by a Dissenting Shareholder, will
  - (i) be bound by the Dissent Rights set forth in Article 6 of the Plan of Arrangement,
  - (ii) be deemed not to have participated in the Arrangement, and
  - (iii) cease to have any rights as a Shareholder other than the right to be paid the fair value of the IMA Common Shares by IMA in accordance with the Dissent Procedures, or

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- (b) seeks to exercise the Dissent Right, but
  - (i) who for any reason does not properly comply with each of the Dissent Procedures required to be complied with by a Dissenting Shareholder, or
  - (ii) subsequent to giving his or her Notice of Dissent, acts inconsistently with such dissent,

will be deemed to have participated in the Arrangement on the same basis as each non-dissenting Shareholder and will receive his or her pro rata portion of the Golden Arrow Common Shares based upon the number of IMA Common Shares of which such Dissenting Shareholder is the registered holder. IMA may in

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its sole discretion, waive any non-compliance by a Shareholder with any of the provisions of Article 6 of the Plan of Arrangement in order to give effect to a Shareholders' Dissent Rights.

A Dissenting Shareholder may not withdraw a Notice of Dissent without the consent of IMA. A Dissenting Shareholder may, with the written consent of IMA, at any time prior to the payment to the Dissenting Shareholder of the full amount of money to which the Dissenting Shareholder is entitled under Article 6 of the Plan of Arrangement, abandon such Dissenting Shareholder's dissent to the Arrangement by giving written notice to IMA, withdrawing the Notice of Dissent, by depositing such notice with IMA, or mailing it to IMA by registered mail, at its head office at Suite 709, 837 West Hastings Street, Vancouver, British Columbia V6C 3N6, marked to the attention of the President and will then be deemed to have participated in the Arrangement on the same basis as each non-dissenting IMA Shareholder and will receive such number of Golden Arrow Shares, to which he or she is entitled.

If a Shareholder exercises the Dissent Right, IMA shall on the Effective Date set aside and not distribute that portion of the Golden Arrow Common Shares which is attributable to the IMA Common Shares for which Dissent Rights have been exercised. If an IMA Shareholder exercises the Dissent Right, but does not properly comply with the Dissent Procedures as set out above, or subsequent to giving his or her Notice of Dissent, acts inconsistently with such dissent, then IMA shall distribute to such Shareholders his or her pro rata portion of the Golden Arrow Common Shares. If a Shareholder duly complies with the Dissent Procedures, then IMA shall retain the portion of the Golden Arrow Common Shares attributable to such Shareholder (the "Non-Distributed Golden Arrow Shares"), and the Non-Distributed Golden Arrow Common Shares will be dealt with as determined by the Board of Directors of IMA in its discretion.

SHAREHOLDERS SHOULD CONSULT THEIR LEGAL ADVISORS WITH RESPECT TO THE LEGAL RIGHTS AVAILABLE TO THEM IN RELATION TO THE ARRANGEMENT AND THE DISSENT RIGHTS.

### INFORMATION CONCERNING IMA - BEFORE THE ARRANGEMENT

#### INCORPORATION

IMA was incorporated under COMPANY ACT (British Columbia, Canada) (the "Company Act") on September 17, 1979, as Gold Star Resources Ltd. On May 1, 1990, IMA filed an Altered Memorandum to reflect its name change to EEC Marketing Corp. On January 13, 1992, IMA filed an Altered Memorandum to reflect its name change to Amera Industries Corp. IMA filed another Altered Memorandum on February 9, 1995 to reflect its name change to International Amera Industries Corp. On February 20, 1996, IMA filed an Altered Memorandum, changing its name to IMA Resource Corporation. On July 7, 1998, IMA filed an Altered Memorandum, changing its name to IMA Exploration Inc.

#### CORPORATE STRUCTURE

See "The Arrangement - Details of the Arrangement" for a simplified corporate chart setting forth all of IMA's material subsidiaries, their jurisdictions of incorporation, the percentage of voting securities or ownership held by IMA and the principal mineral resource properties held by each of them.

#### BUSINESS OVERVIEW

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IMA is a natural resource company engaged in the business of acquisition and exploration of mineral properties in South America, principally in Argentina and Peru. IMA's strategy and primary corporate objective is to acquire properties for the purpose of mineral exploration and exploitation in known mining areas adjacent to, or in close proximity to, known major discoveries. IMA, therefore, expects these properties to command higher acquisition, maintenance and vendor participation fees, where these higher fees are deemed reasonable to attempt to reduce the overall risks associated with mineral exploration. In the event IMA discovers mineralization capable of economic production, it intends to seek a joint venture partner and/or to sell all or a portion of its interest in the subject property to finance the development of such property. The secondary corporate objective is to identify new frontiers through the evaluation of available historic and satellite data and acquire large parcels of land in undeveloped regions with the potential to host mineral deposits. There are no assurances that IMA's strategies will achieve the desired results and IMA may acquire interests in properties at higher prices, due to the properties' proximities to other discoveries and may have to write-off all or a portion of the value of such properties if they prove uneconomic. At present, IMA has no producing properties and consequently has no current operating income or cash flow. As of the date of this Management Proxy Circular, IMA is an exploration stage company and has not generated any revenues from mining operations. There is no assurance that a commercially viable mineral deposit exists on any of IMA's properties. Further exploration will be required before a final evaluation as to the economic and legal feasibility of any of the properties is determined.

### GENERAL DEVELOPMENT OF THE BUSINESS OF IMA

IMA has been active in Peru and Argentina since 1993 acquiring and exploring mineral properties.

In August 1999 IMA completed a private placement with Barrick Gold Corporation ("Barrick"). Barrick was granted an option to earn an interest in either the Potrerillos or Rio de Taguas property. The funds were spent on the drilling program on the Potrerillos property. Subsequent proceeds were spent on further exploration of IMA's properties in the Valle de Cura region of San Juan Province, Argentina from October 2000 to March 2001. As a result of the private placement Barrick became IMA's largest shareholder. During September 2003 Barrick reduced its shareholding to 1,000,000 shares.

IMA agreed to spend a minimum of \$1,125,000 on its Valle de Cura properties out of the proceeds from the Barrick private placement. As of December 31, 2003 this requirement had been met. On December 15, 2003 Barrick served notice that it would not be exercising the option and IMA has begun pursuing other partners for the continued exploration of these drill ready projects.

In March 2001, IMA granted Rio Tinto Mining and Exploration Limited ("Rio Tinto") an option to acquire a majority interest in the Mogote property in the Valle de Cura region of San Juan Province, Argentina. This agreement was terminated by Rio Tinto in December 2001. In March 2003 IMA granted Amera Resources Corporation ("Amera") an option to acquire a 51% interest, later amended to 75%, in the Mogote property. Recent exploration results from Amera's work has been encouraging.

IMA granted Cloudbreak Resources Ltd. ("Cloudbreak") an option to acquire a 50% interest in the Gollette property located in the Valle de Cura. Cloudbreak can increase its interest to 75% by funding additional work expenditures and development costs.

IMA acquired the Peruvian property known as Rio Tabaconas in 1997 by way of an option. In addition IMA owns claims which surround and overlie the optioned concessions. Mine workings in the Rio Tabaconas area are believed to be on the

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order of 100 to 150 years old. The first modern examination of what is now the Rio Tabaconas property was conducted in the late 1980s when a government-funded Peruvian-German consortium re-opened the old mine workings on Cerro Tablon and carried out experimental geochemical and geological studies in the mine area. Since that time, the property has been briefly examined and sampled by a number of companies at IMA's invitation. IMA had spent \$3,164,554 on Rio Tabaconas to the end of December 2003.

On June 28, 2002 IMA suspended further exploration activities at the Rio Tabaconas project. IMA has deferred any further exploration until an agreement with the local community has been finalized. IMA has declared force majeure, as allowed under the option agreement. IMA and the optionor have revised the timing of the remaining

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option payments. IMA is working to ensure that all local cultural, developmental and environmental concerns in the region have been addressed which may pertain to mining activities. Upon acceptance by the community of a Community Agreement between IMA and the local community, IMA plans to proceed with the next phase of the diamond drill program. A detailed 3,000 metre drill plan has been drafted based upon evaluation of geological, geochemical and geophysical information. The next phase of the exploration program is expected to be completed after finalizing the Community Agreement.

In 2002 IMA began to acquire properties in Chubut Province, Argentina. In 2003 IMA significantly increased its focus on activities in the Chubut region. IMA has entered into a number of joint venture agreements which resulted in the farm-out of several of its non-core properties.

In early 2003 IMA focused its efforts on its Navidad Area Properties in Chubut Province located in southern Argentina. The preliminary results of its initial exploration efforts were very encouraging. A Phase I drilling program commenced in November 2003 and continued into March 2004. A second phase is scheduled to commence in May 2004. IMA believes that the Navidad Project is worthy of its primary interest and accordingly has focused the majority of its available resources on this project and expects to continue to do so.

### PRINCIPAL PROPERTIES OF IMA

#### NAVIDAD PROJECT

On February 3, 2003 IMA announced the discovery of high-grade silver-lead mineralization on its 100% owned 10,000 hectare (24,700 acres) Navidad Project in north central Chubut Province, Argentina. The mineralization had been discovered by prospecting on December 10, 2002 and was a new discovery as there were no recorded occurrences of silver mineralization in the area. This was surprising due to the fact that high-grade, structurally-controlled mineralization and the moderate-grade replacement style mineralization with abundant visible lead and copper mineralization outcrops and subcrops over a strike length of thousands of meters. There was no evidence of prior prospecting or sampling activity anywhere despite the area being inhabited.

#### CHUBUT (PATAGONIA) AREA PROPERTIES

Since 2001 IMA has acquired a 100% interest in a number of claims in western Chubut Province. These properties include the Laguna de los Toros property, Evelina (Las Bayas) property, Toros II property, Victoria properties (several), Costa properties, Lago Pico property, Corcovado property, Loma Alto property, Ruto property, Alberto property, Rolando property, Cecilia property, Pedro

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property, Fernando property, Ivan property and Daniel property. Together they cover an area of approximately 86,000 hectares. A number of these properties have been sold or farmed-out to joint venture partners. All of these Chubut properties are in the exploration stage.

### VALLE DE CURA AREA PROPERTIES

IMA has acquired 100% interests in a number of properties in the Valle de Cura area totaling approximately 34,000 hectares. Beginning in 1999 IMA entered into an option agreement with Barrick pursuant to which Barrick could acquire an interest in the properties. Both Barrick and IMA have fulfilled all their obligations under this agreement and Barrick notified IMA on December 15, 2003 that they would not be exercising their option. Accordingly this agreement has terminated and IMA is pursuing other partners for these drill ready projects. One of these properties has been farmed-out to another joint venture partner.

### NORTHWEST SAN JUANAREA PROPERTIES

IMA has acquired 100% interests in a number of properties in the Northwest area of San Juan province totaling approximately 20,000 hectares. The Arturo or Mogote property is under option to IMA and is currently the subject of a joint venture agreement with Amera whereby Amera can earn up to a 75% interest in the property. There are no current plans for work on the other properties in this area.

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### GUALCAMAYO AREA PROPERTIES

IMA has also acquired interests in properties in other mining areas of interest in San Juan province totaling approximately 50,000 hectares. There are no current plans for work on the properties in this area.

### RIO TABACONAS PROPERTY (PERU)

The 9,000 hectare Rio Tabaconas property is located in northwestern Peru, approximately 35 kilometers south of the southernmost tip of Ecuador in the District of Tabaconas, Province of San Ignacio, Department of Cajamarca. IMA has an option to purchase three claims covering a 2,890 hectare area within the central part of the property and holds 100% ownership, with no outstanding royalties, on the remainder of the property. In June 2002 IMA announced it would take a more measured approach to exploration on the project to ensure that local cultural, developmental and environmental concerns pertaining to mining activities in the region would be addressed. All exploration activities have been deferred until an agreement with the local community of Tamborapa can be finalized. IMA has declared force majeure, as allowed under the property option agreement. A Company Community plan has been prepared with the aid of several Peruvian social economic consultants and has been presented for discussion to the community leaders, government officials and interested party leaders and as of the date of this report no agreement has been reached. Thus IMA will continue to work with the various social economic consultants to develop a plan which will be acceptable to all parties in the community of Tabaconas. Upon acceptance by the community of the Company Community plan IMA plans to proceed with the next phase of a diamond drill program.

During the fiscal years ending December 31, 2003, 2002 and 2001 IMA had capitalized and expensed costs on all of its properties as follows:

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FISCAL YEAR ENDING	AMOUNT CAPITALIZED	GENERAL EXPLORATION WRITTEN-OFF IN FISCAL YEAR
December 31, 2001	\$4,581,172	\$109,875
December 31, 2002	\$5,847,727	\$180,321
December 31, 2003	\$6,883,641	\$226,956

### NAVIDAD PROJECT

On February 3, 2003 IMA announced the discovery of high-grade silver-lead-copper mineralization at its 100% owned 10,000 hectare (24,700 acres) Navidad Project in north central Chubut, Argentina. The mineralization had been discovered by prospecting on December 10, 2002 and was a new discovery as there were no recorded occurrences of silver mineralization in the area. This was surprising due to the fact that high-grade, structurally-controlled mineralization and the moderate-grade replacement style mineralization with abundant visible lead and copper mineralization outcrops and subcrops over a strike length of thousands of meters. There was no evidence of prior prospecting or sampling activity anywhere despite the area being inhabited. Furthermore a fence line passes through the central part of the outcropping high-grade mineralization and blocks of rock containing obvious green copper oxides had been used to prop up fence posts.

### PROPERTY DESCRIPTION AND LOCATION

The Navidad Project comprises 10,000 hectares consisting of one individual claim (cateo) in the Gastre Department of the Province of Chubut. It is centered at approximately 42.415 decimal degrees south latitude and 68.82 decimal degrees west longitude in the Campo Inchauspe datum. The above point has been located in the field by professional surveyors and has the coordinates 2,514,856.53 east and 5,304,454.84 north in Gauss Kruger Campo Inchauspe zone 2 and was assigned the local grid coordinates 50,000E, 10,000N with an elevation of 1218.18 m (Height Above Ellipsoid WGS1984). The local grid is rotated 30 degrees to the east of Gauss Kruger north.

### MINERAL TITLES INCLUDED IN THE NAVIDAD PROJECT:

FILE NUMBER	YEAR	DATE	TYPE	NAME	HECTARES
13984	2002	December 6, 2002	CATEO	Gan	10,000

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### ACCESSIBILITY AND INFRASTRUCTURE

The property is located in the north-central part of the Province of Chubut within the prominent Gastre structural lineament in a somewhat uplifted area. Minimum elevation within the Gan cateo is 1060m while the maximum elevation is 1460m. Relief is gentle with minor local exceptions.

Vegetation is sparse and comprises grasses and low brush. Trees are absent. The climate is characterized as continental semi-arid with moderate temperatures in summer often accompanied by high winds. Winters are cold with temperatures often dipping below zero Celsius, but are generally not characterized by extended sub-zero periods. Most of the precipitation falls in winter as both rain and

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snow and as such conditions may not favor field work in the winter, but depending on the year, work may be possible even during winter.

Access to the property is possible year around by two-wheel drive pick-up truck except in very wet periods. Gastre is the nearest town some 40km to the west and the town of Gan Gan is about the same distance to the east; both are along Route 4 a gravel highway. The nearest airport with scheduled (rare) service is in Esquel four hours drive to the southwest by gravel road. To the north about two hours drive, in the province of Rio Negro, is the town of Ingenierio Jacobacci which is larger than Gastre and has much better services including banking. From Ingenierio Jacobacci it is another three and a half hours to the west to Bariloche, a city with multiple daily flights and a centre for tourism year around. From Gastre to the Atlantic Coast it is approximately seven hours drive virtually all on gravel roads. Along the coast infrastructure is much better with paved, roads, ports and airports and larger population centers.

During normal road conditions the trip from Gastre to the Navidad Project is about 30 minutes.

A high voltage power line running from the Futaleufu site to an aluminum smelter at Puerto Madryn passes roughly 50km south of the Navidad Project. The government has announced a contract tendered to construct this power line to the national power grid at Choele Choele in Rio Negro to the north in order to facilitate expansion of the aluminum smelter and other projects. Construction of the connection will bring the national power grid with easy reach of Navidad.

### HISTORY

The Navidad Project has no known exploration history and there is no indication that any of the showings were previously discovered or sampled. A prospecting discovery of this type seems unthinkable in the exploration industry in this day and age, especially within a few hundred meters of a provincial highway, except for the lack of mining and prospecting tradition in Patagonia. Proof of this lack of mining tradition is that the posts of the fence line that passes through the central part of the outcropping high grade mineralization had been propped up with blocks of rock containing obvious green copper oxides.

The only nearby sign of previous mining activity lies about 3km north west of Navidad Hill where some barite veins were opened up by trenches presumably with the idea of selling barite as an industrial mineral to the petroleum industry. Sampling during the surface work showed these veins have very low values of silver, copper and lead. Verbal reports suggest the trenching was done about 20 years ago.

Effectively the exploration history of Navidad Project began on December 10, 2002 with the discovery of outcropping mineralization by an IMA geologist. Subsequent surface work comprised extensive geological mapping, rock sampling, soil sampling and geophysics including magnetic, induced polarization and gravity surveys.

### REGIONAL AND LOCAL GEOLOGY

According to the preliminary map 4369-II at 1:250,000 scale of SEGEMAR, the national geological service of Argentina, the Navidad Project mineralization is mapped as part of the Upper Jurassic Canadon Asfalto Formation.

Province wide geological maps of Chubut by the same organization indicate that the Canadon Asfalto is restricted to the central part of Chubut. The type section of the formation is located along the Rio Chubut southwest of the project area between Paso Sapo and Paso de Indios.



Much of the remainder of the Navidad Project is underlain by the Lonco Trapial Formation of Lower Jurassic age and finally older, poorly age-defined basement granitic rocks of Paleozoic age.

The Canadon Asfalto Formation comprises fine sandstones, limestones and volcanics of continental and lacustrine environment. It appears significant regional variations in composition and depositional environment are present within the formation as currently defined. Both fossils and a K/Ar radiometric age of 173 +/-4 Ma indicate a middle to upper Jurassic age.

The Lonco Trapial Formation, including Tacquetren Formation and other equivalents, is more widely distributed in Chubut excluding the Andean portion. The formation is volcanic dominant and appears to be the first phase of infill of local grabens in the developing San Jorge Basin. Again, significant regional variability in composition and depositional facies is indicated, with compositions ranging from felsic to mafic.

Apparently one of the controlling features of the San Jorge Basin is the long-lived, major structure known as the Gastre Fault. This fault is a wide, northwest-trending zone of fracturing that appears to have controlled deposition of units and then dismembered them from the Jurassic through the present.

Faulting related to the Gastre Fault is present in the Navidad Project area, but the most striking structural elements in the area are a series of northwest trending folds.

DIAMOND DRILLING PROGRAM

Connors Argentina S. A. ("Connors") of Mendoza Argentina commenced drilling on November 26, 2003 and finished drilling on March 10, 2004, including a 29 day break during the Christmas/New Years holidays. During the program 8853.58m were drilled in 53 holes for an average of 118m per day including moves and breakdowns and excepting only the holiday break noted above.

All but one of the holes recovered HQ diameter (61mm) core. The exception was NV03-04 which was cored to 244.20m with HQ and then recovered NQ core to the end of the hole at 284.98m. The drill supplied was containerized and mounted on a tracked undercarriage capable of moving itself. Water for drilling was brought to the drilling sites by a water truck of 9,000 liters that was subcontracted by Connors. The water was trucked from several local sources under agreement with local surface land owners.

Down hole surveys of the holes were done on all but one hole using a Tropari instrument. This instrument is a magnetic compass and inclinometer with a timing mechanism that blocks the instrument once it has stabilized in the hole. It is then retrieved and read by the geologist. In general the holes had little deviation because of the relatively large diameter of the drill string and the relatively short lengths of the holes.

SURVEYED COORDINATES AND ORIENTATIONS OF NAVIDAD DRILLHOLES

Hole ID	local E	local N	E GK faja 2 (Campo Inchauspe)	N GK faja 2 (Campo Inchauspe)	elevation m HAE	Az wrt GK CI north	di do fr ven
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NV03-01	50,000.6	10,005.0	2,514,819.5	5,304,458.8	1,219.5	210.0	-45
NV03-02	50,000.0	9,971.1	2,514,802.0	5,304,429.8	1,211.2	30.0	-45
NV03-03	51,160.5	9,660.1	2,515,651.6	5,303,580.3	1,178.4	210.0	-45
NV03-04	51,160.1	9,669.6	2,515,655.9	5,303,588.6	1,178.6	30.0	-45
NV03-05	51,160.1	9,802.1	2,515,722.2	5,303,703.3	1,176.6	30.0	-60
NV03-06	49,961.7	9,972.3	2,514,769.5	5,304,449.9	1,218.4	30.0	-45
NV03-07	49,919.7	9,965.9	2,514,729.9	5,304,465.4	1,222.2	30.0	-45
NV03-08	49,959.8	10,016.3	2,514,789.8	5,304,489.0	1,226.4	210.0	-45
NV03-09	49,919.9	10,027.4	2,514,760.8	5,304,518.6	1,231.4	210.0	-45
NV03-10	49,961.9	9,953.4	2,514,760.2	5,304,433.5	1,215.1	30.0	-45
NV03-11	49,625.2	10,040.0	2,514,511.9	5,304,676.8	1,209.2	120.0	-45

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Hole ID	local E	local N	E GK faja 2 (Campo Inchauspe)	N GK faja 2 (Campo Inchauspe)	elevation m HAE	Az wrt GK CI north	di do fr ver
NV04-12	51,160.6	9,577.9	2,515,610.5	5,303,509.0	1,155.4	30.0	-65
NV04-13	50,876.5	10,015.0	2,515,583.1	5,304,029.5	1,179.4	30.0	-45
NV04-14	50,997.6	9,911.7	2,515,636.3	5,303,879.6	1,178.1	210.0	-70
NV04-15	51,159.8	9,910.5	2,515,776.1	5,303,797.4	1,167.0	30.0	-60
NV04-16	51,161.0	9,451.4	2,515,547.6	5,303,399.2	1,138.2	30.0	-55
NV04-17	50,998.8	9,614.4	2,515,488.6	5,303,621.4	1,156.7	30.0	-85
NV04-18	51,001.3	9,364.5	2,515,365.9	5,303,403.8	1,137.0	30.0	-55
NV04-19	51,001.9	9,826.2	2,515,597.2	5,303,803.4	1,181.7	210.0	-80
NV04-20	50,801.6	9,897.6	2,515,459.5	5,303,965.3	1,163.0	210.0	-70
NV04-21	50,997.6	9,948.5	2,515,654.7	5,303,911.4	1,174.2	30.0	-45
NV04-22	50,998.5	9,977.9	2,515,670.2	5,303,936.4	1,171.9	210.0	-75
NV04-23	51,000.7	9,713.6	2,515,540.0	5,303,706.4	1,177.3	210.0	-85
NV04-24	50,804.7	10,023.1	2,515,524.9	5,304,072.4	1,173.8	30.0	-50

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NV04-25	51,204.1	9,014.3	2,515,366.4	5,302,999.1	1,140.0	210.0	-45
NV04-26	50,802.1	9,728.9	2,515,375.6	5,303,818.9	1,153.5	32.0	-75
NV04-27	50,100.7	9,719.0	2,514,763.2	5,304,161.1	1,164.0	30.0	-45
NV04-28	51,164.5	9,865.2	2,515,757.6	5,303,755.8	1,170.6	30.0	-60
NV04-29	51,299.1	9,847.6	2,515,865.4	5,303,673.3	1,157.6	210.0	-80
NV04-30	51,300.4	9,765.7	2,515,825.5	5,303,601.7	1,159.8	210.0	-80
NV04-31	51,160.7	9,666.8	2,515,655.1	5,303,585.9	1,178.5	30.0	-80
NV04-32	50,598.0	10,088.9	2,515,378.9	5,304,232.8	1,154.7	30.0	-45
NV04-33	50,598.4	10,016.4	2,515,343.0	5,304,169.8	1,154.8	210.0	-80
NV04-34	50,180.9	9,955.5	2,514,950.9	5,304,325.8	1,180.0	30.0	-45
NV04-35	51,199.5	9,251.1	2,515,480.9	5,303,206.5	1,134.2	30.0	-80
NV04-36	50,898.2	9,988.0	2,515,588.3	5,303,995.3	1,176.5	210.0	-80
NV04-37	50,899.9	9,914.7	2,515,553.2	5,303,931.0	1,173.8	210.0	-80
NV04-38	50,897.2	9,819.7	2,515,503.3	5,303,850.0	1,164.4	30.0	-80
NV04-39	50,400.2	9,982.9	2,515,154.5	5,304,239.9	1,157.1	210.0	-80
NV04-40	50,399.8	10,098.9	2,515,212.2	5,304,340.5	1,155.9	30.0	-45
NV04-41	51,080.8	9,943.4	2,515,724.2	5,303,865.4	1,174.9	30.0	-45
NV04-42	51,080.4	9,938.8	2,515,721.5	5,303,861.6	1,174.5	210.0	-80
NV04-43	51,080.4	9,853.2	2,515,678.7	5,303,787.4	1,180.3	210.0	-75
NV04-44	51,079.3	9,750.3	2,515,626.3	5,303,698.9	1,188.1	210.0	-75
NV04-45	51,230.9	9,861.1	2,515,813.0	5,303,719.1	1,164.0	210.0	-80
NV04-46	51,232.3	9,760.2	2,515,763.8	5,303,630.9	1,168.6	210.0	-80
NV04-47	51,236.7	9,681.0	2,515,728.1	5,303,560.2	1,176.6	30.0	-75
NV04-48	51,302.3	9,980.9	2,515,934.8	5,303,787.1	1,147.2	30.0	-45
NV04-49	51,301.0	9,915.2	2,515,900.8	5,303,730.8	1,150.5	30.0	-80
NV04-50	51,159.9	9,954.9	2,515,798.5	5,303,835.8	1,165.7	30.0	-80
NV04-51	51,159.1	9,971.9	2,515,806.2	5,303,850.9	1,165.5	30.0	-45
NV04-52	50,896.0	9,948.4	2,515,566.7	5,303,962.1	1,173.4	30.0	-45
NV04-53	50,796.8	9,954.7	2,515,483.9	5,304,017.1	1,169.2	30.0	-50

Tot

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All core designated for sampling was cut with an electric-powered table saw with a diamond tipped blade. The core was sawn in half and one half was sampled and the remainder was stored in the core box. In a few areas the core was broken or rubblely and could not be sawn. In such cases the recovered material was sampled by spoon and if necessary was split with a knife or chisel. Rarely, due to hard core or problems with the saw, core was split with a mechanical splitter.

Alex Stewart (Assayers) Argentina S.A. ("Alex Stewart") of Mendoza, Argentina was the primary lab for all drill core samples. All samples are weighed on receipt in the sample bag prior to drying and this weight is reported with the analytical data. Sample preparation comprised drying at 90 (degree) C for up to 40 hours, followed by crushing of the entire sample to #10 mesh. Next the sample was split down to 1.5 kg with a riffle splitter for pulverization to 85% passing #200 mesh. Between each sample the crusher and the pulverizer were cleaned with barren quartz.

All drill core samples were submitted for 30 gram fire-assay for silver with gravimetric finish and also a fire assay for Au (with AAS finish). The lab is required to report all sample weights used in fire assays.

In addition, all samples were analyzed by Alex Stewart's ICP-ORE technique which uses a strong multi-acid attack on a sample size of 0.2 grams. The method has been optimized to handle a wide range or concentrations of base and other metals, but with some sacrifice in the higher than normal detection limits for typical ICP analyses. Elements included in the package are Ag, As, Bi, Ca, Cd, Co, Cu, Fe, Hg, Mg, Mn, Mo, Ni, P, Pb, S, Sb, Tl and Zn. Extensive testing was undertaken by IMA on the ICP-ORE technique that confirmed its suitability for the Navidad mineralization. That testing included a precision test on 30 samples as well as a blind duplicate pulp test on 32 samples both with satisfactory results. Furthermore, ICP-ORE was used in characterization of the in-house standards developed (see below) and was found to correlate well with methods used by other labs. In fact all of the ICP-ORE results for Cu and Pb lay within the two standard deviation limit and hence were used in the definition of the accepted values for the standards.

### QUALITY CONTROL

A comprehensive quality control and quality assurance program for analyses of drill core was put in place well prior to the start of the drilling campaign. This program comprises controls including blind certified standards, blanks and core duplicates and a secondary laboratory. The primary laboratory for all drilling samples was Alex Stewart and the secondary lab was ALS-Chemex La Serena and/or Vancouver. In each set of 42 samples sent to the primary lab blind high-grade, low-grade, blank and duplicate core sample were included in randomized positions.

In addition to the above, a systematic program of reanalysis of pulps by a second independent lab has been used throughout the program. Randomly pre-selected samples are sent from the primary laboratory and they include blanks and standards. Two samples from each set of 42 samples, or 4.8% percent of the pulps are therefore being checked. At the time of this writing results were available for 144 duplicates.

The purpose of this work is to confirm the reproducibility of the analytical method at a second lab.

Results of the control by the secondary lab and through the inclusion of blanks, standards, and duplicates confirm the high quality of the data generated in the drilling program.

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### CHAIN OF CUSTODY

Core is delivered to the core shack by the drill contractor or picked-up by IMA employees and stored in the core shack in Gastre. The core shack is kept under lock and key when IMA employees are not present.

Core cutting is supervised by the geologist logging core who ensures that the sequence of blanks, duplicates and standards is followed. Cut core is placed into clean new transparent plastic sample bags into which two pre-printed custom sample tickets are placed. The lab uses one of these for the pulp bag and one for the reject bag. A third sample ticket is stapled into the core tray along with the meterage represented by the sample. The fourth and final sample ticket remains in the sample tag book with the hole numbers and meterages filled in. Once samples have been cut and bagged the bags are double sealed with two zip-strips. The first ordinary zip strip will close the bag around the neck of the bag under as much tension as it will support. A second, custom printed zip-strip seal with IMA's name and the matching sample number to the sample ticket inside will be affixed to the bag above the zip-

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strip under tension. The numbered seal will pierce the bag above the neck of the bag where it is sealed by the first zip strip so as to make it impossible to slip the ordinary zip-strip over the neck of the bag. The lab is required to notify IMA if the samples do not arrive with the IMA seals intact. All seals are being stored by the assay lab to present as proof of use.

Sealed sample bags are placed in rice sacks in sequence for shipment to the lab. A record of all samples shipped is kept by the geologist sending the sample shipment. Samples are transported by a company contracted to transport samples directly from the core shack in Gastre to the assay laboratory in Mendoza (some 1500km). They are not allowed to carry other cargo or make other stops.

### GENERAL GEOLOGICAL UNDERSTANDING

Drilling of the Navidad Hill, Galena Hill and intervening areas has greatly increased the geological understanding of the main geological units and their relationships. Most of the new information was gained by drilling at Galena Hill as that is where the drilling was concentrated, but advances were made at Navidad and Esperanza as well.

Stratigraphy at Galena Hill is comprised of four primary sedimentary and volcanic units, from lowest to uppermost these are: a "lower" cycle comprised of epiclastic, volcanoclastic and volcanic rocks which are unmineralized and unaltered that dips toward grid south. This is overlain by a volcanic cycle comprising latitic volcanic rocks, generally with quartz eyes, that is altered and mineralized with silver and lead. The latite sequence comprises massive flows, amygdaloidal flows, flow breccias and volcanoclastic breccias. The latites are in turn overlain by pelitic mudstones and limestones of which the lowermost portion may be highly mineralized with silver and lead. The latites form a steadily thickening wedge towards grid south. It is unclear whether the geometry of the uppermost sediments indicates tectonic folding or perhaps just local slumping.

The contact between the lower volcanic cycle and the latite cycle is of great interest due to the dramatic change between unaltered and unmineralized rocks below and high mineralized rocks above. The upper part of the lower cycle is generally reddish as if affected by a lateritic weathering. On some sections such as 51,160E the contact is quite planar whereas on others it is quite irregular, possible due to faulting or paleotopography. In some cases a dark grey, soft material with an unusual texture and structure of partings and slip

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surfaces is present below the latites on the contact. This could be interpreted as fault gouge or a paleosol.

The latite sequence dramatically thickens towards grid south (southwest relative to true north). It is absent to the north and thickens to over 220m within some 500m. While the capping sedimentary sequence varies in thickness from zero to about 40m in thick on top of Galena Hill in hole NV04-35 it attains a thickness of about 140m on section 51,200E but 200m further grid south than NV04-16 shown in figure 23. In hole NV04-35 the latite sequence is at least 150m thick, but the base was not intersected.

GALENA HILL DRILLING RESULTS

Results of the initial drilling at Galena Hill have been very positive. The amount and continuity and grade of the mineralization in the subsurface exceeded even the expectations that existed based on the surface work.

The geometry of the mineralization, a gently-dipping, exposed to shallowly-buried zone of significant thickness suggests potential for bulk mining. Hence in determining how to select the mineralized intercepts for tabulation and data manipulation it was decided to use a minimum of about 50 g/t silver irrespective of the copper, lead and zinc grades. The minimum grade was not strictly applied to the selection of the intercepts as samples with sub-fifty gram per tonne silver values were permitted for several samples in some instances. In some cases where there were long intercepts of mineralization somewhat below 50 g/t silver, but where there were significant lead values these intercepts were also listed below. At this time definitive "cut-off" grade can not be established since metallurgical and engineering parameters have not been determined. The following intercepts reflect the potential of Galena Hill in a bulk mining scenario. Some higher grade intercept are also shown. These higher grades tend to occur at or near the upper contact of the latite sequence with the overlying mudstones, or even in the lower part of the mudstones.

In total, 35 drill holes have been drilled into the Galena Hill deposit. These holes outline a silver-lead deposit ranging in vertical thickness from about 10 to 115 metres with horizontal dimensions of approximately 400 by 500 metres at generally greater than 50 g/t silver. The top of the mineralized body is exposed at surface in some areas

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and in other areas is covered by as much as 40 metres of barren sedimentary cap rock. The shape and aspect of the mineralized body suggests that it could be bulk mineable. Grade distributions show a zone of high-grade silver values with lesser copper and relatively low lead values along the northeastern boundary of the deposit; this area is interpreted to be the source or feeder zone for mineralizing fluids which created the deposit. Moving to the southwest from this feeder zone, lead:silver ratios increase and are interpreted as more distal portions of the deposit.

MINERALIZED INTERCEPTS FROM DRILLHOLES AT THE GALENA HILL DEPOSIT

DDH	from - inclination	to - metres	composite length metres	vertical thickness metres	g/t Silver LWA	% Copper LWA
=====						

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NV03-03	-45	3.00	178.50	175.50	124.61	26.2	0.00
including		3.00	128.30	125.30	88.96	33.0	0.00
including		72.50	107.50	35.00	24.85	49.9	0.01
including		86.20	95.45	9.25	6.57	76.8	0.01
NV03-04	-45	2.80	266.70	263.90	187.37	74.1	0.00
including		2.80	203.00	200.20	142.14	92.3	0.00
including		39.60	176.45	136.85	97.16	117.3	0.00
including		39.60	121.25	81.65	57.97	141.5	0.00
including		39.60	94.70	55.10	39.12	164.3	0.00
including		65.00	94.70	29.70	21.09	189.5	0.00
including		65.00	83.50	18.50	13.14	241.2	0.00
NV03-05	-60	43.30	126.25	82.95	72.17	229.2	0.01
including		46.70	113.25	66.55	57.90	271.8	0.01
including		46.70	55.90	9.20	8.00	578.9	0.04
including		89.00	107.25	18.25	15.88	503.0	0.01
NV04-12	-65	18.80	27.80	9.00	8.19	41.6	0.00
including		27.80	35.45	7.65	6.96	70.8	0.00
combined		18.80	35.45	16.65	15.15	55.0	0.00
within		18.80	60.60	41.80	38.04	35.5	0.00
NV04-13	-45	20.00	64.70	44.70	31.74	223.4	0.16
NV04-14	-70	27.70	142.80	115.10	109.35	453.6	0.08
including		27.70	75.10	47.40	45.03	775.6	0.17
including		32.70	50.70	18.00	17.10	1421.2	0.42
NV04-15	-60	46.55	115.65	69.10	60.12	113.5	0.02
including		47.05	55.55	8.50	7.40	461.7	0.08
NV04-16	-55	63.45	72.45	9.00	7.56	34.2	0.00
NV04-17	-85	21.20	40.20	19.00	18.81	96.7	0.01
including		30.20	40.20	10.00	9.90	161.6	0.02
NV04-18	-55	232.0	244.00	12.00	9.96	70.1	0.06
NV04-19	-80	24.00	90.50	66.50	65.17	100.3	0.00
including		25.10	37.10	12.00	11.76	165.2	0.02

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including 49.35 57.75 8.40 8.23 177.4 0.02

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DDH		from - metres	to - metres	composite length - metres	vertical thickness - metres	g/t Silver LWA	% Copper LWA
including		74.00	81.55	7.55	7.40	174.0	0.00
NV04-20	-70	35.50	40.60	5.10	4.79	54.8	0.02
NV04-21	-45	42.45	126.00	83.55	56.81	321.7	0.23
including		49.95	70.50	20.55	13.97	703.0	0.47
NV04-22	-75	38.65	101.65	63.00	61.11	418.4	0.15
including		42.50	55.60	13.10	12.71	923.3	0.26
NV04-23	-85	48.40	71.20	22.80	22.57	26.3	0.00
NV04-24	-50	3.00	5.65	2.65	1.88	917.9	0.28
NV04-26	-75	none			0.00		
NV04-28	-60	45.70	134.75	89.05	77.47	120.4	0.01
including		45.70	67.75	22.05	19.18	23.0	-0.01
including		67.75	134.75	67.00	58.29	152.5	0.01
including		68.10	71.55	3.45	3.00	760.9	0.05
NV04-29	-80	28.50	38.65	10.15	9.95	71.8	0.00
NV04-30	-80	44.80	52.70	7.90	7.74	47.8	0.00
NV04-31	-80	3.05	23.85	20.80	20.38	51.7	0.00
and		47.35	78.45	31.10	30.48	71.0	0.00
including		73.85	75.95	2.10	2.06	618.6	-0.01
NV04-36	-80	8.00	57.90	49.90	48.90	179.1	0.08
including		35.30	49.30	14.00	13.72	209.5	0.10
NV04-37	-80	12.80	89.10	76.30	74.77	139.4	0.04
including		13.80	17.70	3.90	3.82	597.4	0.02
NV04-38	-80	20.70	61.20	40.50	39.69	104.5	0.04
including		34.10	52.55	18.45	18.08	166.8	0.07



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NV04-41	-45	58.10	129.00	70.90	50.34	78.5	0.08
NV04-42	-80	48.35	161.55	113.20	110.94	150.8	0.03
including		67.90	121.90	54.00	52.92	239.1	0.04
including		148.90	161.55	12.65	12.40	121.6	0.04
NV04-43	-75	44.20	127.25	83.05	81.39	153.2	0.01
including		44.20	89.00	44.80	43.90	216.9	0.01
NV04-44	-75	13.35	103.90	90.55	88.74	177.8	0.01
including		13.35	28.90	15.55	15.24	445.3	0.02
NV04-45	-80	43.00	69.85	26.85	26.31	355.4	0.00
including		43.00	51.05	8.05	7.89	958.4	0.01
NV04-46	-80	30.40	167.00	136.60	133.87	30.9	0.00
including		30.40	65.00	34.60	33.91	61.8	0.00
NV04-47	-75	12.90	131.00	118.10	113.38	36.6	0.00

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DDH	inclination	from metres	to metres	composite length metres	vertical thickness metres	g/t Silver LWA	% Copper LWA
including		84.50	116.00	31.50	30.24	59.5	0.00
NV04-48	-45	16.50	32.85	16.35	11.61	30.6	0.00
including		26.70	31.80	5.10	3.62	49.7	0.01
NV04-49	-80	63.45	82.80	19.35	18.96	31.6	0.00
NV04-50	-80	20.80	101.00	80.20	78.60	254.7	0.14
including		20.80	65.00	44.20	43.32	391.0	0.23
NV04-51	-45	64.50	81.85	17.35	12.32	185.9	0.05
NV04-52	-45	16.50	62.55	46.05	32.70	270.6	0.10
NV04-53	-50	15.70	30.80	15.10	10.72	52.0	0.04

Notes:

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1. All length weighted average (LWA) results are "uncut"
2. Vertical thicknesses are calculated considering the dip of the drill holes and assuming flat lying body.

### NAVIDAD HILL DRILLING RESULTS

Much less drilling has been done at Navidad Hill than at Galena Hill. The results of the eight holes drilled to date are listed below: all have intersections of silver mineralization. Seven of these holes were drilled on three sections separated at 40m intervals while the eighth is located some 300m to the northwest. Holes at Navidad Hill were drilled at close-spacing and as "scissors" crossing each other from opposite sides of the mineralized zone to determine the dip and continuity of the narrow high grade structures that hosted the mineralization at surface.

While these holes did confirm that the dip of the structures is near vertical two somewhat unexpected aspects were encountered: firstly, significant amounts of clay alteration (argillic) are present; secondly, in between the known structures there are many areas with minor veins and stockwork veinlets. High silver grades were intersected in some of the structures in the drill holes (see table below); however, in general the grades in the drill holes are significantly less than the average grades of the structures on surface which were often in the range of 5,000 to 20,000 grams per tonne silver. This combination of the features suggests that Navidad Hill should be considered a bulk target rather than as individual high grade vein targets. Like Galena Hill, intercepts have been calculated at a 50 g/t silver minimum grade again somewhat loosely applied at this early stage. All of the seven holes in the main area drilled have significant intercepts ranging from 48.0 to 143.5 m in core length with 97.8 to 246.9 g/t silver with the best individual intercept being NV03-07 83.65m of 246.9 g/t silver with minor copper and lead values. Assuming vertical dips the true width of the mineralized intercept ranges from about 34 to 101m in width. In most cases holes were started within the mineralized zone and the full true width was not crossed by single holes and is only seen when considering the scissor pair. Despite the high base metal grades of the individual structures in the detailed surface sampling and in the core samples the grades of copper and lead over the width of the bulk zone are generally less than 0.3%. This marks a significant difference from the central part of the Galena Hill deposit.

Mineralization in the main group of Navidad Hill drill holes is hosted by massive latite to latite breccias that generally appear to be massive flows or flow domes. No internal stratigraphy has been recognized to date. None of the holes penetrated the base of the latite sequence nor cut any obvious sedimentary or volcanoclastic units with it. Mineralized structures appear to be of two main types; firstly, sharp-walled structures filled with brecciated and re-brecciated clasts of gangue and mineral and secondly, veinlets and stockwork of gangue and mineral. Gangue minerals include: calcite which ranges from massive crystalline to finely banded; quartz as chalcedonic to crystalline silica; and crystalline barite. "Ore" minerals visible by eye include minor amounts of sulphides included pyrite, a grey sulphide (tetrahedrite or chalcocite), minor galena, rare native copper, green copper oxides (probably mainly malachite) and black copper oxides (probably mainly neotocite or copper wad). No native silver was observed by

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eye or hand lens. No clear division between oxide mineralization and sulphide mineralization can be made with depth. Minor amounts of sulphides are present at surface and are also present a depth. Copper oxides are present at surface and to the bottom of the zone tested to date (about 80m below surface).

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MINERALIZED INTERCEPTS FROM THE NAVIDAD HILL DRILLING

DDH	location	inclination	from - metres	to - metres	composite length - metres	true width - metres	g/t Silver LWA	% Co LW
NV03-01	Navidad Hill	-45	3.05	61.45	58.40	41.29	111.1	0.
including			10.10	31.35	21.25	15.03	233.3	0.
including			10.10	17.50	7.40	5.23	535.6	0.
including			15.70	16.50	0.80	0.57	2677.6	3.
NV03-02	Navidad Hill	-45	2.50	50.50	48.00	33.94	97.8	0.
including			6.45	6.70	0.25	0.18	858.0	8.
including			17.60	25.00	7.40	5.23	227.1	0.
including			40.40	41.45	1.05	0.74	1320.3	0.
NV03-06	Navidad Hill	-45	3.00	63.20	60.20	42.57	161.6	0.
including			23.30	28.80	5.50	3.89	424.7	0.
NV03-07	Navidad Hill	-45	3.00	86.65	83.65	59.15	246.9	0.
including			3.00	40.75	37.75	26.69	474.9	0.
including			3.00	6.90	3.90	2.76	1997.9	0.
including			30.85	33.25	2.40	1.70	2129.6	3.
NV03-08	Navidad Hill	-45	2.50	146.00	143.50	101.47	146.0	0.
including			2.50	71.10	68.60	48.51	274.5	0.
including			26.10	40.15	14.05	9.93	1084.2	1.
including			26.10	28.40	2.30	1.63	2660.7	1.
including			35.45	37.20	1.75	1.24	3042.6	4.
NV03-09	Navidad Hill	-45	2.50	84.30	81.80	57.84	125.4	0.
including			21.00	21.70	0.70	0.49	5067.5	0.
including			65.25	66.20	0.95	0.67	1440.7	1.
NV03-10	Navidad Hill	-45	3.50	78.50	75.00	53.03	111.1	0.
including			3.50	9.40	5.90	4.17	669.7	1.
NV03-11	Navidad Hill West	-45	1.52	12.10	10.58	n/a	98.3	0.

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Notes

1. All length weighted average (LWA) results are "uncut"
2. True widths are calculated assuming -45 degree drill holes and vertical structures.

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OTHER AREAS DRILLING RESULTS

Eight drill holes were collared in areas outside of Galena or Navidad Hills. These holes were drilled to test stratigraphy or suspected mineralization in additional zones.

MINERALIZED INTERCEPTS FROM DRILLING OTHER TARGETS

DDH	location	inclination	from - metres	to - metres	composite length - metres	true width - metres	g/t Silver LWA
NV04-32	Connector Zone	-45	46.50	96.05	49.55	35.04	77.9
NV04-33	Connector Zone	-80	none				
NV04-34	Connector Zone	-45	10.50	29.20	18.70	13.22	75.1
NV04-39	Connector Zone	-80	none				
NV04-40	Connector Zone	-45	43.20	91.20	48.00	33.94	108.5
	including		67.20	88.20	21.00	14.85	160.4
NV04-25	Esperanza Trend	-45	162.70	170.65	7.95	5.62	303.4
NV04-35	recce	-80	none				
NV04-27	recce	-45	7.00	7.73	0.73	unknown	61.5
	and		66.90	68.10	1.20	unknown	377.2

Notes

1. All length weighted average (LWA) results are "uncut".

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2. True widths are calculated assuming -45 degree drill holes and vertical structures.

### PLANNED FUTURE WORK

Planned and ongoing work at the Navidad Project includes a resource estimate at Galena Hill, metallurgical work on representative samples from Galena Hill, additional drilling on outlying zones, additional surface work on outlying zones, and additional geophysical work.

A resource estimate is currently being prepared by Snowden Mining Industry Consultants Inc. This resource will include only the Galena Hill area as drilling to date has not sufficiently tested other zones in order to allow a resource estimate. It is expected that the results of this estimate will be available in late May.

An additional 8,000 to 10,000 metres of drilling is planned for the Navidad Project. This work will concentrate on zones peripheral to the Galena Hill deposit such as: Barite Hill, Navidad Hill, the Esperanza Trend, and Calcite Hill. It is expected that work will be ongoing throughout May, June and July.

Additional surface work will include: soil sampling, geological mapping, rock chip sampling and pole-dipole I.P. geophysics. This work will continue as far into the southern winter as is practical.

A preliminary budget of approximately \$2,120,000 has been estimated for the work recommended in the next stage of exploration on the Navidad Project. The budget is based on experience from exploration already carried out on the Navidad Project.

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### NAVIDAD AREA PROPERTIES (OTHER THAN THE NAVIDAD PROJECT)

The following properties are 100% owned by IMA unless stated otherwise.

#### TAQUETREN PROPERTY

The Taquetren claim (File Number: 14015/03; 10,000 hectares) is located directly east of the Rio Chubut, approximately 70 kilometres to the southwest of Navidad. The area is mapped as being underlain by Jurassic Canadon Asphalto and Lonco Trapial Formation volcanic and sedimentary rocks similar to those that host the Navidad discovery. Very preliminary prospecting and stream sediment sampling has shown anomalous values of antimony; no source has yet been located for this anomaly. Regional mapping and terrain analysis shows an important northwest trending structure to bisect the Taquetren property; this orientation is similar to structures that control mineralization at the Navidad Project.

#### REGALO PROPERTY

The Regalo claim (File Number: 14016/03; 10,000 hectares) covers ground mapped as prospective Jurassic Canadon Asphalto and Lonco Trapial Formation rocks and includes several regionally-important northwest trending structures. Preliminary stream-sediment sampling has returned highly anomalous gold values. Gold values from nine stream sediment samples, along 6 kilometres of one drainage (and adjoining tributaries), range in value from 134 to 831 ppb. IMA has entered into an option agreement with Consolidated Pacific Bay Minerals Ltd. ("Consolidated Pacific Bay") whereby Consolidated Pacific Bay can acquire up to a 70-per-cent interest in the Regalo mineral claim through the issuance of 900,000 shares of Consolidated Pacific Bay to IMA, and work expenditures totalling US\$625,000 over three years. Consolidated Pacific Bay must issue all 900,000 shares and expend

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US\$50,000 on the property by Aug. 12, 2004, in order to earn a 51-per-cent interest in the claims. A further 19-per-cent interest in the claims can be earned by Pacific Bay if it completes a feasibility study and finances the property to production. A second cateo (Regalo II) has been staked to the north of the primary Regalo claim, adding another 10,000 hectares to the property subject to IMA's agreement with Consolidated Pacific Bay.

### NOEL PROPERTY

The Noel claim (File Number: 14036/03; 10,000 hectares) is adjacent to the Regalo and Trucha claims and also contains a significant, multi-sample, gold-in-stream sediment anomaly. Government maps show the claim to be underlain primarily by Canadon Asphalito Formation sedimentary and volcanic rocks, with overlying Cretaceous sandstone along the eastern side of the claim. Five stream sediment samples taken from two drainages over approximately 5 kilometres range in value from 114 to 1,570 ppb gold. The apparent source area for these extremely anomalous values is has not been prospected to date and is considered a high-priority target for follow-up work.

### TRUCHA PROPERTY

The Trucha claim (File Number: 14014/03; 10,000 hectares) is contiguous with the Regalo and Noel claims and also includes a stream sediment sample highly anomalous in gold (single sample, 556 ppb Au). Regional mapping shows the claim to be underlain by prospective Jurassic Canadon Asphalito and Lonco Trapial Formation rocks, cut by several regional-scale structures. In conjunction with evaluation of the Noel claims, the Trucha claim requires detailed prospecting to identify the source of gold producing the high stream-sediment values.

### MARA PROPERTY

The Mara claim (File Number: 14018/03; 9,945 hectares) is located approximately 95 kilometres to the south-southwest of Navidad. Regional mapping shows the property to be underlain by Jurassic Canadon Asphalito and Lonco Trapial Formation rocks, which unconformably overly granitic basement rocks. Several mapped and interpreted northwest-trending structures are present on the property and are considered to be prospective for both Navidad-style mineralization and traditional low-sulphidation gold veins. No fieldwork has been carried out to date on the property.

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### CONDOR AND ALAMO PROPERTIES

The Condor claim (File Number: 14017/03; 10,000 hectares) and Alamo claim (file number: 14032/03; 10,000 hectares) are located directly south of the Regalo/Noel/Trucha claims and were staked based on prospective stratigraphy, structure and the presence of known barite occurrences. The known barite together with Navidad-age stratigraphy and similar structure makes these claims highly prospective for Navidad-style mineralization. No fieldwork has been completed on these claims to date; a first-pass evaluation is warranted.

### NINA AND CARLOTA PROPERTIES

The Nina claim (file number: 14018/03; 9,945 hectares) and Carlota claim (file number: 14018/03; 9,945 hectares) were staked based on the presence of prospective Canadon Asphalito stratigraphy and regional northwest trending structures. No fieldwork has been completed to date on these claims; a first-pass evaluation is warranted.

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### PAMPA 3 PROPERTY

The Pampa 3 claim (File Number: 14004/03; 2,500 hectares) is located adjacent to the Navidad Project, along trend and immediately to the southeast. Although predominantly covered with recent alluvium, it is interpreted to be underlain by the Canadon Asphalto Formation limestone and volcanoclastic rocks which host mineralization at Navidad (figs. 2 and 3). Work to date has been minimal with only two stream-sediment samples collected, both of which drain areas peripheral to the claim.

### COLONIA PROPERTY

The Colonia claim (File Number: 14005/03; 10,000 hectares) covers a large area of highly prospective ground directly along strike from the Navidad discovery. Most of the 10,000 hectare claim is underlain by prospective Canadon Asphalto Formation rocks. Preliminary stream-sediment sampling has defined highly anomalous values of antimony, an important "pathfinder" element at the Navidad discovery. Minor prospecting (four rock samples collected) has not yet unveiled the source of these stream-sediment values, significant additional work is warranted.

### JULIE PROPERTY

The Julie claim (File Number: 14035/03; 5,675 hectares) lies at the regional contact between granitic rocks that underlie the prospective Jurassic stratigraphy, and Jurassic volcanic rocks. Several important Landsat-interpreted structures are present on this claim; regional structure has been shown to be of critical importance at the Navidad discovery. Preliminary stream-sediment sampling shows anomalous values of copper and antimony, although strongly warranted, no significant follow-up work has been done.

### SIERRA 1 PROPERTY

The Sierra 1 claim (File Number: 14006/03; 10,000 hectares) covers a large of prospective Canadon Asphalto Formation rocks and the underlying volcanic rocks and a portion of the granitic basement. Significant areas of Landsat-interpreted alteration are present in the northeastern portion of the claim, the imagery shows patterns very similar to those seen in the area of the Navidad discovery. Preliminary stream-sediment sampling has shown anomalous copper values, these results have yet to be followed up on.

### SIERRA 2 PROPERTY

The Sierra 2 claim (File Number: 14007/03; 10,000 hectares) covers an interesting area of complex geology in the hinge zone of a regional-scale anticline. Mapped rock units include the Canadon Asphalto Formation and overlying Cretaceous sandstone. Essentially no work has been done in the central portions of this claim as the local land owners could not be contacted to gain permission for entry onto their land.

Mina Yanquetreu is a small abandoned barite mine in the central portions of the claim. This occurrence is highly encouraging as both strataform (exhalative) and vein-controlled barite is intimately associated with the Navidad system. This area is considered highly prospective and warrants a significant early-stage exploration program.

### SIERRA 3 PROPERTY

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The Sierra 3 claim (File Number: 14008/03; 10,000 hectares) covers the southwestern portions of mapped Canadon Asphalto Formation rocks in the Navidad area. Also present on the claim are Jurassic volcanic rocks and underlying granitic basement. Major Landsat-interpreted structures are present as are possible zones of alteration. Preliminary stream-sediment sampling has returned strongly anomalous copper values of up to 105 ppm. No follow-up prospecting or rock sampling has been undertaken to date. The Sierra 3 claim is considered highly prospective and warrants considerable follow-up work.

### OTHER CHUBUT PROVINCE PROPERTIES

#### LAGUNA DE LOS TOROS PROPERTY

##### LOCATION AND ACCESS

This property is located just to the east of the continental divide forming the border between Chile and Argentina. In this area the continental divide is quite subdued in elevation and is not marked by high mountainous peaks. Elevations on the property reach about 750m and relief within the property is only slightly more than fifty meters. Vegetation is sparse and comprises grasses and low brush. Trees are absent. The climate is characterized as continental semi-arid with moderate temperatures in summer often accompanied by high winds. Winters are cold with temperatures often dipping below zero celsius, but are generally not characterized by extended sub-zero periods. Most of the precipitation falls in winter as both rain and snow and as such, conditions may not favor fieldwork in the winter.

Access to the property is possible year around by two-wheel drive pick-up truck as provincial route 40 bisects the property. Gobernador Costa is the nearest significant sized town. It has no air service: the nearest airport with scheduled service is Esquel four hours drive to the north by mostly paved road. From Gobernador Costa access to Las Bayas is by provincial route #40 south approximately 50 road kilometres. During good road conditions the trip from town to the property is less that one hour.

Gobernador Costa has basic services including fuel, food and lodging as well as a bank with an automatic teller machine.

##### MINERAL TITLES INCLUDED IN THE LOS TOROS PROPERTY

The Los Toros property comprises 11,612 hectares consisting of three individual claims, two of which are categorized as "cateos" and one as a "manifestacion" located in the Tehuelches Department of the Province of Chubut. The property is 100% owned by IMA. It is centered at approximately 44.36 decimal degrees south latitude and 70.65 degrees west longitude in the Campo Inchauspe datum.

FILE NUMBER	YEAR	DATE OBTAINED	TYPE	NAME
13645	2001	January 24, 2001	Cateo	Unnamed
13928	2002	September 12, 2002	Cateo	Toros II
14038	2003	March 18, 2003	Manifestacion	Lucia Total



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### REGIONAL AND LOCAL GEOLOGY

The Los Toros Property lies in western Chubut at the margin of the Andean cordillera volcano-plutonic complex with the continental volcanic-sedimentary sequences. The oldest rocks are upper Paleozoic volcanics of continental affinity and are overlain by Jurassic volcanic rocks of the Lago La Plata Formation which are in turn overlain by mainly sandstone units of the Lower Cretaceous Apeleg Formation. Known and postulated mineralization is hosted by the Jurassic volcanic rocks.

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### EXPLORATION HISTORY

A total of 233 rock samples and 435 soil samples have been collected within the limits of the current property boundaries for IMA. There are no known historical mining or exploration environmental liabilities associated with the property.

#### DETAILED EXPLORATION - MORGUL NORTH

The Morgul North area was mapped and sampled in detail at 1:1000 scale in order to assess its potential to host economic gold and/or silver mineralization and to permit planning for a significant drill program. The Morgul North structure is a classic, high-level, low-sulphidation epithermal vein. It trends north-south and dips approximately 45(0) to the east. It has been mapped over a strike length of approximately 800 metres and, including the silicified and altered envelope around the actual vein, has widths of less than 2 metres to over 20 metres. Silicification is predominantly a replacement of volcanic rock rather than a true open space filling vein, however, mapped and petrographically defined textures are consistent with a high-level position in the epithermal system, potentially above the important gold-rich boiling zone.

Fifty-one rock samples were collected from the Morgul North vein, these were predominantly measured chip samples across the structure, however rare grab samples were also taken. In general gold values are anomalous but low (0.005 to 2.17 g/t), while arsenic, antimony, and mercury values are highly elevated. This distribution of low gold and high arsenic, antimony, and mercury is typical of the upper levels of mineralized low-sulphidation epithermal systems. One sample (M2373) contained abundant coarse grained galena and returned 1.36% lead which is very odd given the interpreted high-level setting of the Morgul North vein. Generally, higher values of lead are expected lower in an epithermal system, as yet, no clear explanation for this value is apparent.

#### DETAILED EXPLORATION - MORGUL SOUTH

The Morgul South Vein was mapped and sampled in similar detail (1:1,000 scale) to the Morgul North Vein. Sixty-two rock samples were taken, of these, 40 were measured chip samples across silicified or altered structures.

The Morgul South Vein is actually a series of structures which coalesce into one north-trending structure in its northern extents. To the south, structures appear to "horse-tail" out into more east and southeast trending splays off the main north-trending vein. In general, better gold grades (up to 1.1 g/t) were returned from these smaller "splays" in the southeastern portions of the mapped system. Although measured vein orientations are more erratic at Morgul South than at Morgul North, the overall trend is close to north-south and dips are generally in the range of 45(0) to 75(0) to the east.

Overall strike length of the Morgul South vein (including areas of no outcrop where the presence of the vein is inferred) is approximately 1,250 metres.

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Measured widths vary from less than 1 metre to greater than 25 metres. Similar to the Morgul North vein, results from the Morgul South vein generally show low gold values (