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Greenhills

Balmer

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6/16/85 WESTAR MINING LTD. (WML.P.R.A-V,T) 5 Mar 87

YEAR ENDED 31 DECEMBER	1986	1985
Revenues	\$370,700,000	\$515,100,000
Net Bef. Extra Items	(21,700,000)	34,700,000
Extraordinary (Loss)*	(79,100,000)	(220,900,000)
Net Earnings (Loss)	(100,800,000)	(186,800,000)

*Primarily relating to loss on disposal of U.K. oil/gas interests.

HEAVY LOSS REPORTED - L. Jack Smith, president of Westar Mining Ltd. has presented comparative financial results for 1986 showing a large loss (see table). He reports a loss from continuing operations of \$6,200,000 in 1986 due primarily to labor disputes which shut down both the Balmer and Greenhills mines, compared to earnings of \$21,100,000 the previous year. Coal shipments from the Balmer mine amounted to 3,900,000 tonnes compared to 5,800,000 tonnes in 1985. The 80% owned Greenhills mine shipped 2,500,000 tonnes in 1986 vs 2,300,000 tonnes in 1985.

Westar's oil and gas interests in the United Kingdom lost \$15,500,000 up to their sale in August, 1986, due to the fall in world oil prices. The company also had an extraordinary loss of \$75,000,000 upon disposal of those interests.

Mr. Smith says, "soft coal markets exacerbated by the labor disputes have forced the company to again revise its mine plans and reorganize its work force to improve productivity and cut costs." He expects 1987 will be another difficult year due to metallurgical coal price and volume reductions by the Japanese steel mills, Westar's largest customers. The company is continuing discussions with its lenders to refinance all bank debt.

Westar is owned 67% by BRITISH COLUMBIA RESOURCES CORPORATION (BCI-V,T).

Westar has quarter profit, gears for a tough market

VANCOUVER — Under constant pressure from Japanese consumers to lower prices and volumes, coal producers like **Westar Mining** have been forced to control costs to remain competitive. That fact has been reflected in Westar's net earnings for the quarter which, at \$4.6 million, were just \$500,000 lower than last year.

Chairman Jack Smith, confirms that prospects for the remainder of the year will depend on metallurgical coal sales. Noting that Westar's two mines are running well, he says that "costs are under control and it is our intention to survive through a tough market."

The company's mines shipped 1.7 million tonnes of metallurgical coal and 300,000 tonnes of thermal

coal to markets during the quarter. The Balmer mine was shut down for two weeks in February to reduce coal inventories. Effective April 1, 1987, the price for metallurgical coal was \$44(US) and tonnage volumes will be reduced to Japanese steel mills.

An earlier suspension of dividend payments on the \$2.65 Cumulative Redeemable Class A Preferred Shares Series 1 has been continued. Also, discussions with the company's banker on a long-term restructuring of debt obligations continued during the quarter, he points out.

Westar is owned 67% by **B.C. Resources** which reported a \$4.3 million profit for the quarter compared to \$330,000 the previous year.

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