

Greenhills 82JSE007 - Balmer 826NE015

6/16/85 WESTAR MINING LTD. (WML.PR.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.

Westar Mining will take cuts on coal deals

VANCOUVER — Japanese consumers have negotiated lower prices and contract volumes for metallurgical coal they will obtain from Westar Mining in southeastern, B.C. The company's Balmer and Greenhills operations will now receive \$44(US) per tonne, a reduction of \$5 and \$5.50 respectively from the two mines.

Westar says the Japanese will only be taking 37.5% of their original contract volume of 4.37 million tonnes from Balmer and 40% of their original contract volume of 760,000 tonnes from Greenhills. In 1986, Japanese customers represented approximately 42% of total coal volumes from the Westar operations.

The new contract volumes will represent shipments of approximately 1.9 million tonnes during the 1987 coal year, a reduction of about 250,000 tonnes from projected shipments in 1986. Last year's volumes were lower because of a 4-month labor stoppage and reduced steel production in Japan.

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).