

Property File

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**WESTMIN
RESOURCES
LIMITED**

**Annual Report
1982**



Financial Review

Despite the recession which prevailed throughout 1982, and generally unsettled conditions in both the petroleum and mining industries, Westmin had a very successful year and maintained its financial strength.

Earnings

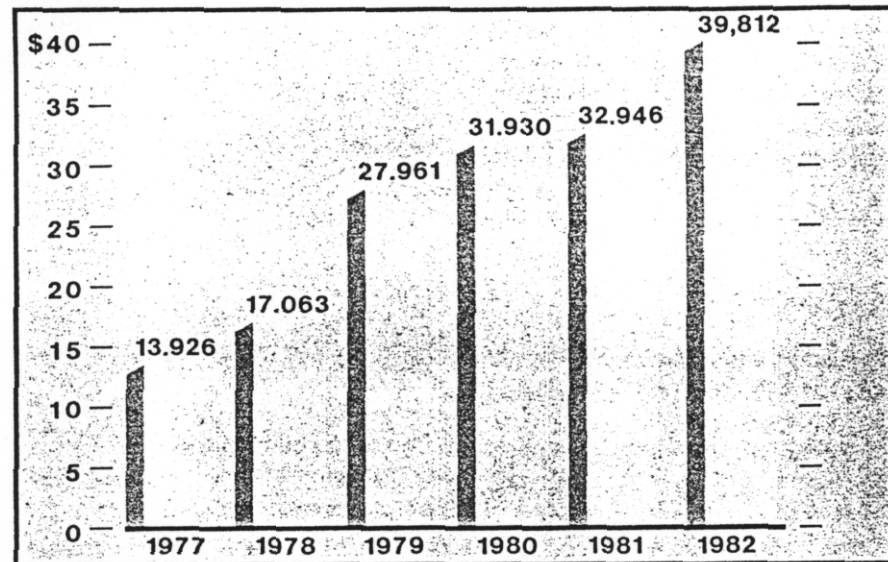
Westmin's net earnings for the year ended December 31, 1982 were \$39.8 million, an increase of 21% from \$32.9 million in 1981. Earnings per common share increased from 58¢ per share in 1981 to 65¢ in 1982 after provision for preferred dividends.

Revenues for 1982 were \$124.9 million, an increase of 18% from '81 revenues of \$106.1 million. Significant increases in oil and gas prices, in oil and liquids production, and the inclusion of royalties from a new coal lease agreement were the principal reasons for this improvement.

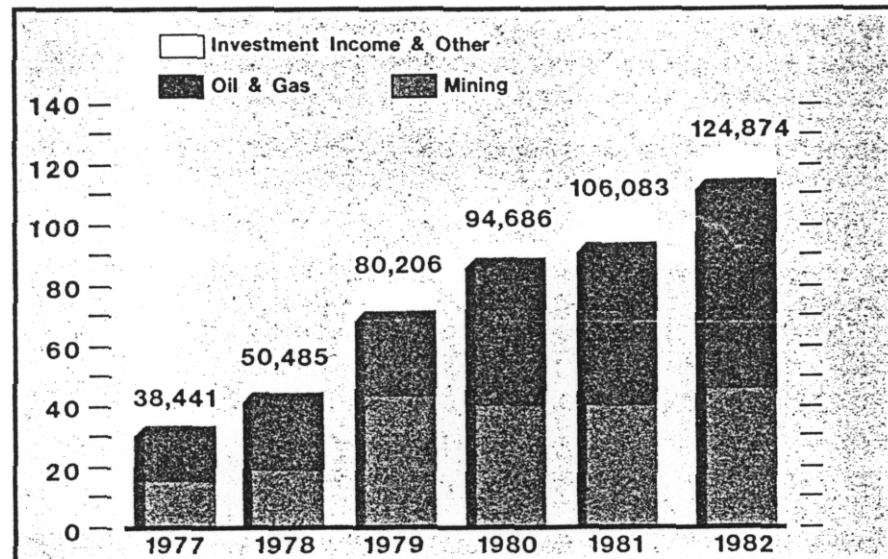
Natural gas sales increased by 9% to \$43.3 million from \$39.9 million in 1981. Production volumes remained relatively constant at 426.7 million cubic metres or an average of 1 169 thousand cubic metres (41 mmcf) per day. The average well-head price received was \$101.50 per thousand cubic metres (\$2.86 per mcf), compared to \$91.92 (\$2.59 per mcf) in 1981.

Following substantial growth in 1981, oil and natural gas liquid sales have again increased significantly to \$25.8 million in 1982 from \$13.9 million the year before. Daily production volumes (including royalty income) averaged 419 cubic metres (2,633 barrels). Average wellhead price for the year was \$168.38 per cubic metre (\$26.77 per barrel), compared to \$113.79 (\$18.09 per barrel) in 1981.

Net Earnings
(millions of dollars)



Revenues
(millions of dollars)

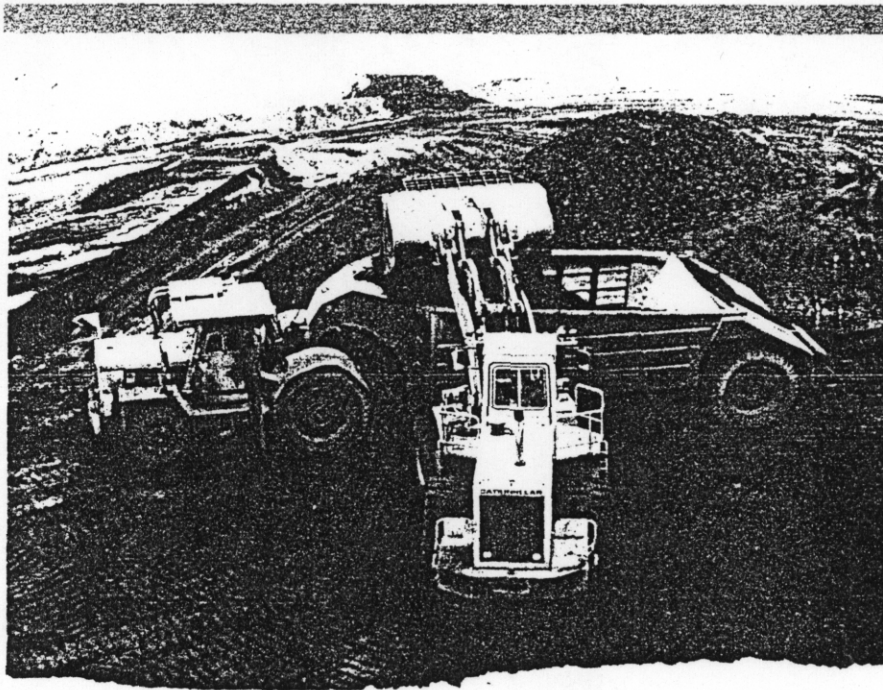


Revenues for the coal division, which were previously reported as other income, are now included with those of the mining division (refer to note 8 to the financial statements).

Net smelter return for the Company's mining operations on Vancouver Island was down substantially from \$41 million in 1981 to \$33.3 million. While production increased by 17%

over 1981 to 317,000 tons, all metal prices were down significantly. In addition, the positive results from pricing mechanisms achieved through forward sales contracts were much lower in 1982 than in 1981.

As reported previously, the Company's coal division concluded a new lease agreement effective January 1, 1982 which provided for an initial non-refundable advance roy-



Loading coal at the Highvale mine.

Industrial Minerals

Royalty revenue in 1982 from sodium sulphate production approximated \$275,000. During the coming year, the operator of our sulphate leases, Alberta Sulphate, is planning to modify its plant processing facility which will have the effect of increasing the life of the operation to at least 15 years, and generating additional royalty revenues of approximately \$7,000,000 over this period.

During the year, a new limestone prospect was defined in northeastern B.C. which shows promise of producing an exceptionally pure product for industrial and agricultural use in the Peace River block of B.C. and Alberta. Start-up of a new quarry is currently under study.

Lacana Mining Corporation

Westmin remains the largest single shareholder in Lacana Mining Corporation, holding 2,751,009 of the latter's common shares or approximately 25% of those outstanding, relatively unchanged from the percentage held at the 1981 year-end.

Lacana has substantial minority interests in two Mexican precious metal mining complexes and actively explores in Mexico, Canada and the United States. In addition, Lacana has a 26.25% interest in the Pinson Gold property in Humboldt County, Nevada, which was brought on stream during 1981. The milling rate increased by some 40% to 1,400 TPD in 1982 and gold production was 66,038 oz., of which Lacana's share was 17,335 oz.

In 1982 Lacana's share of production from the Mexican mines in which it has interests amounted to approximately 2,195,000 oz. of silver, 11,400 oz. of gold and 12,000,000 pounds of lead. Oil and gas production was 13,766 cubic meters of crude oil and condensate and 15,534,000 cubic meters of natural gas.

Although audited figures are not available as yet, earnings are estimated to be approximately 25¢ per share in 1982 compared to 82¢ in 1981. Decreased earnings were due largely to lower metal prices and foreign exchange losses because of the Mexican devaluations. Lacana is in a sound financial position, being essentially debt free and having a working capital, mainly cash, of about \$10,000,000 after paying a 10¢ per share dividend on June 1, 1982.

Lacana spent about \$2,600,000 on mineral exploration and development work last year. A major two-stage drilling program has been launched on the Relief Canyon gold mine property in Nevada and Lacana will participate in developing the Boulder Creek property, also located in Nevada. In Mexico the Company, along with Mexican partners, is evaluating two silver-gold properties, the Preciosa and the Temascaltepec.

Approximately \$5 million was spent on petroleum exploration, which resulted in oil and natural gas discoveries in Alberta, Texas and Oklahoma. In September the Company participated in the purchase of four producing properties from Husky Oil for \$18.5 million.