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News Release

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D.V.K.*

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PREMIER GOLD PROJECT DOWNSIZING

Vancouver, B.C. (December 7, 1990) - Due to persistent adverse technical and economic factors which have deteriorated further since August, Westmin Resources Limited, as operator of the Premier Gold Project, has been forced to reduce the ore reserve of the Premier operation and will accordingly be reducing its milling rate from 2,300 to 1,500 tonnes per day by March 15, 1991. This will necessitate a reduction in the work force from 165 current employees to approximately 100 persons on March 15, 1991.

Future viability and life of the operation are contingent on a reconfirmation of the reduced ore reserves. Mine life could range from less than one year to more than five years, depending on the reserve reconfirmation and the continuing investigation of new ore sources.

The attached table summarizes operating results from the third quarter of 1990 and the five previous quarters. These show that the steady improvement in production which the operation achieved up until mid 1990 has levelled off and in fact slipped. Bullion production in the third quarter was 12,754 ounces of gold and 156,393 ounces of silver compared with 13,400 ounces of gold and 153,907 ounces of silver in the second quarter.

The Premier Gold Project is a Joint Venture owned by Westmin (60 percent) and Pioneer Metals Corporation (40 percent).

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For further information please contact:

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Inter-Office Memorandum

Date: 6 December 1990

Copies to: AIF

To: All Employees

From: Denis Gregoire

Subject: MANPOWER REDUCTION

Since August we have experienced significant ore tonnage shortfalls on several benches in the Premier Pit. These shortfalls have forced us to calculate, on a preliminary basis, a smaller economical pit with reduced ore reserves.


With the congestion of a reduced pit size we are unable to mine fast enough to supply sufficient ore to sustain the current milling rate for the long term.

Although ore costs are now coming close to plan, gold and silver prices and exchange rates remain significantly worse than plan which contributes to our continuing cash drain. Further more, for more than a year, our partners have failed to pay their share of cash costs, forcing Westmin to bear 100% of the project costs. This situation begs the question of the future viability of this operation.

We have concluded that if the new reduced reserve is reliable we would have a viable operation at 1500 TPD but with a resulting significant decrease in our work force from about 165 to 100. We have, accordingly, decided to down-scale our operation to this level by March 15, 1991.

If the reduced reserve is not confirmed we will be forced to close the operation late next summer after milling the stock pile and all of the easily accessible ore. If, on the other hand, the reserve proves reliable, we will have a minimum life of two years under current economic conditions and could conceivably go several years beyond that.

In the meantime, Westmin's Exploration Group will continue urgent efforts to locate additional sources of ore.


Denis Gregoire
Mine Manager

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PREMIER OPERATING STATISTICS

December 6, 1990

	1989				Q4	1990		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Tonnes								
Ore Mined	0	11,436	146,464	358,001	0	146,289	354,679	
Waste Mined	0	372,711	2,204,320	1,380,936	91,800	3,285,651	2,414,126	
Ore Milled	0	75,500	168,394	139,238	137,583	196,989	215,049	
Grades (g/t)								
Gold	0	1.20	1.57	2.52	2.46	2.80	1.97	
Silver	0	38.11	54.74	31.45	62.74	52.47	52.31	
Recoveries (%)								
Gold	0	54.02	86.32	90.44	90.90	90.36	92.00	
Silver	0	51.26	50.34	61.57	42.30	44.08	44.20	
Bullion Produced (oz)								
Gold	0	608	5,811	8,066	10,347	13,400	12,754	
Silver	0	18,066	89,103	74,803	101,467	153,907	189,393	
Gold Equivalent	0	623	6,764	9,734	11,636	15,614	14,739	