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Yes → Myra Falls
 [Westmin AR
 1996]

Myra Falls Operations is a modern, underground mine and milling operation producing zinc and copper concentrates containing high precious metal values. The ores are derived from volcanogenic massive sulphide deposits, contained within a 3,000 hectare mining lease surrounded by Strathcona Provincial Park on Vancouver Island. The highly mechanized mine uses bulk mining methods and state-of-the-art technology and computerization. It directly employs 422 people who reside in the communities of Campbell River and the Comox Valley.

Greatly improved results were expected from this operation in 1996 on the basis of high metal prices, increased throughput rates and higher grades of copper and zinc. Actual revenues of \$66.9 million were significantly below plan as a direct result of lower metal prices and delays in bringing into production the new higher grade Battle Zone ore. In addition, operating costs rose to \$62.5 million in 1996 compared with \$56.4 in 1995, due to a six percent increase in the production rate, one time charges of \$1.6 million and the initial higher cost mining and hauling in the Battle Zone. As a consequence, Myra Falls had net cash flow of \$2.8 million for the year but after provision for reclamation plus depreciation and amortization, there was a loss of \$17.5 million.

The lost time injury frequency was 35 percent lower than 1995 and zinc concentrate production increased by 64 percent over the previous year because of the increase in Battle Zone production.

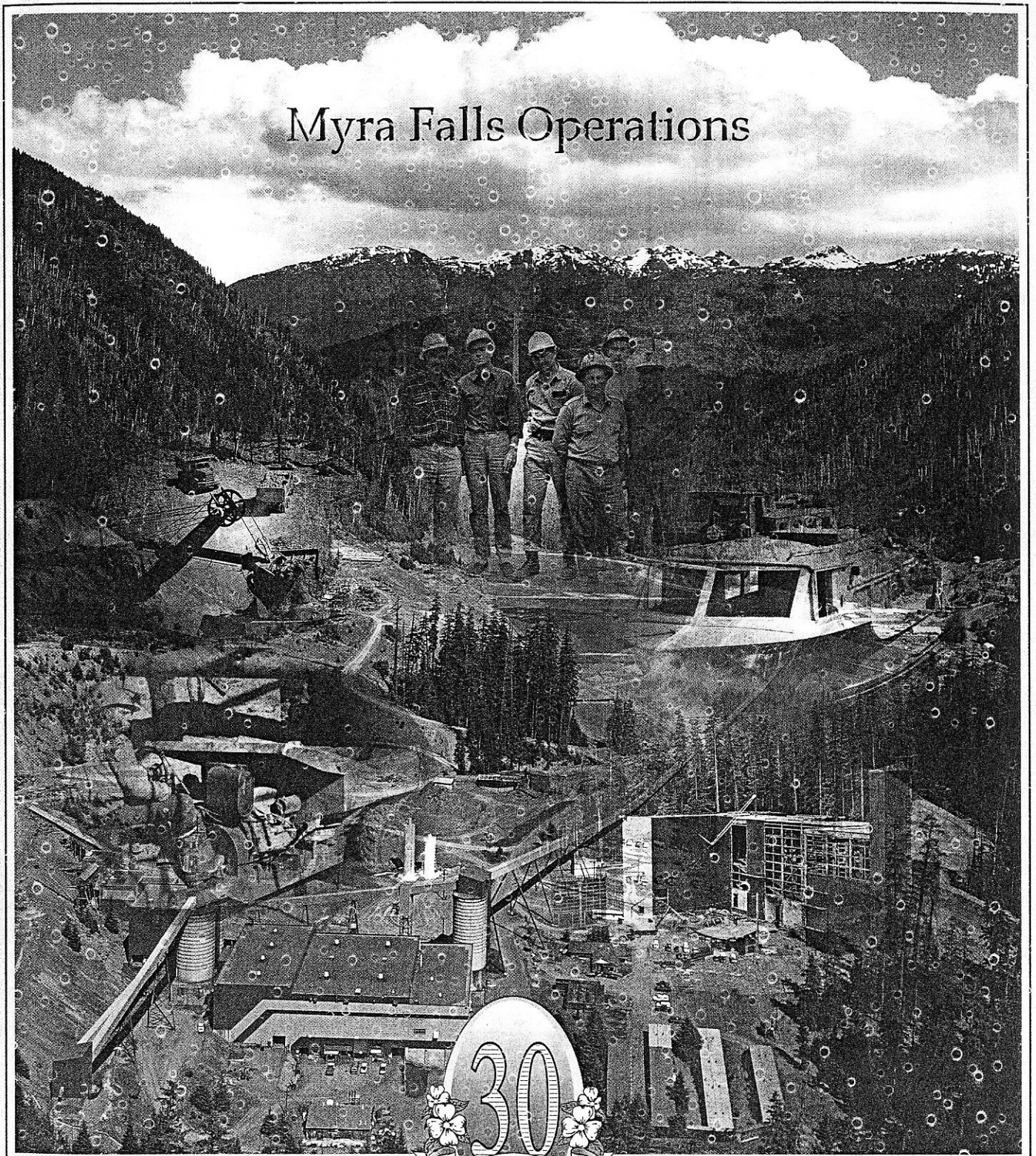
The second half of 1996 showed improved performances in all aspects of the operation including tonnage up by four percent, head grades of copper and zinc up by 13 and 28 percent respectively with copper and zinc concentrate production up by 18 and 40 percent respectively. The last quarter of 1996 was the year's most successful and 1997 is expected to follow this lead. For the first 2 1/2 months of 1997 performance is maintaining this trend.

With the completion of the Battle Zone development program in November and the continued low metal prices, a decision was taken to scale back the planned 1997 mill throughput rate to 3,500 tpd (slightly higher than 1996), however with improved zinc ore grades. This resulted in a layoff of approximately 44 employees in November.

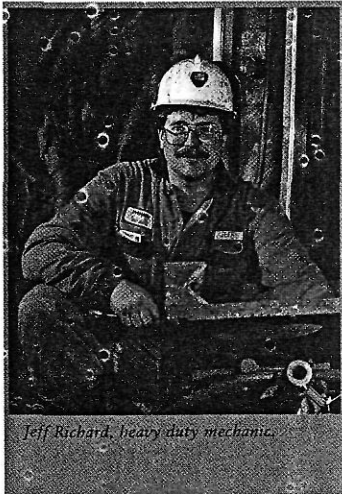
MINING

In 1996, 1.3 million tonnes were mined and milled compared with 1.2 million tonnes in 1995. The higher grade Battle Zone supplied a larger proportion of the ore as the year progressed, starting with 9 percent of the mill feed in January to finish with 30 percent in December. This high proportion should increase to 35 percent in 1997 and higher in subsequent years.

Myra Falls Operations



Due to the low rock strength in most sections of the mine, ground control has been, and is still, a key factor in maintaining steady production while minimizing dilution. Much effort was spent in 1996 on the design of the mining blocks and in developing ways to better support the ground being mined. Cable bolting, screening and shotcreting are support systems now commonly used in daily operation. This approach is costly but will lead to high level and stable production in the long term.



Jeff Richard, heavy duty mechanic.

MILLING

During 1996, 1.3 million tonnes were processed through the concentrator at an average daily throughput of 3,487 tonnes per day compared with 1.2 million tonnes or 3,299 tpd in 1995.

Zinc recovery was up dramatically to 88.3 percent (compared with 82.6 in 1995) while maintaining a concentrate grade of 50.5 %. Copper production was lower because of a reduction in head grade from the 1995 level which was above average reserve grade.

EXPLORATION

Exploration expenditures were lower than budget as surface drilling of the western part of the property from Phillips Ridge, the highest cost component of the program, did not proceed. An environmental assessment was required and completed on the drillsites, but final approvals were delayed until it was too late to carry out the program.

A new diamond drill was purchased and utilized in the Lynx Mine to test the extension of the H-W Main lens trend as planned. No new ore was encountered in this program. The Price 13 Level development component of the exploration program was completed by Company drift crews, on time and under budget. This allowed Trumpeter Zone follow-up drilling to start late in the year and continue into 1997. *

The new mineable reserve as of December 31 1996, compared with December 31 1995, shows a net reduction of 2.1 million tonnes of which 1.3 million represents the tonnage of ore milled. The accelerated ore definition program in the Battle Zone was successful in making available three years of mineable reserves for detailed mine planning and scheduling. This work added some tonnage, but that gain was more than offset by losses in the H-W Mine due to economics and ground conditions. The current mineable reserve is sufficient for approximately eight years of production at current rates.

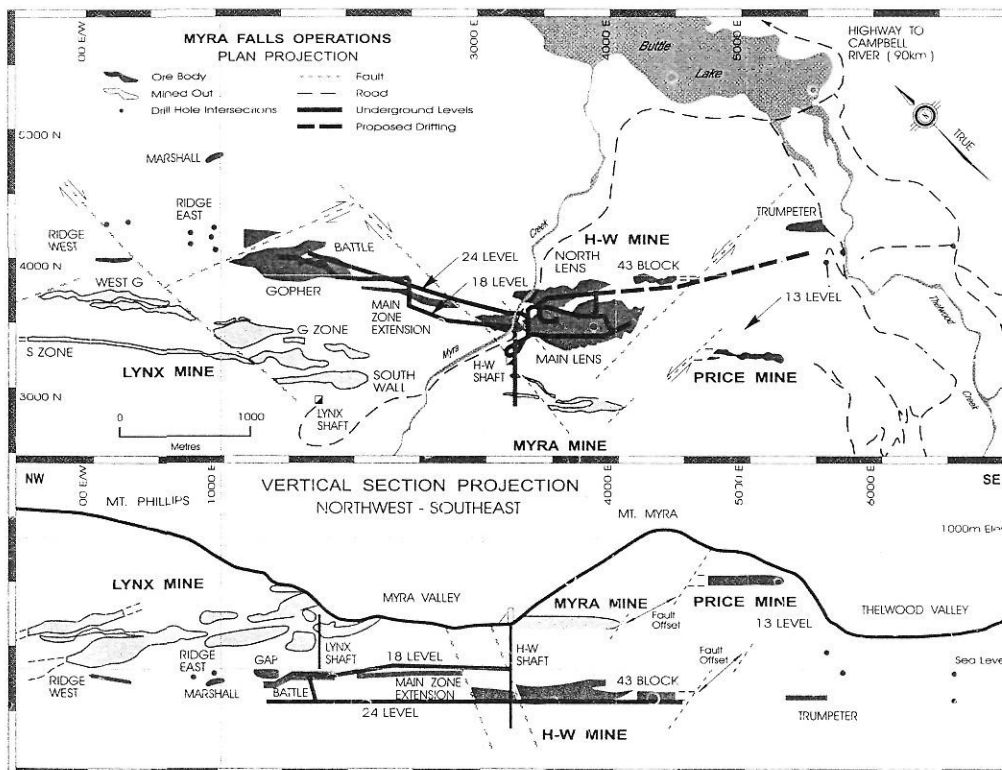
The level of exploration expenditures will be somewhat lower in 1997 and will then be restored to a higher level in subsequent years in order to ensure the continuing long term viability of the operation.

PRODUCTION SUMMARY

		1996	1995	Since Start-up(1966)
Ore Milled (tonnes)		1,267,583	1,197,399	16,974,189
Number of operating days		363	363	9,794
Average tonnes per operating day		3,487	3,299	1,733
Grade of Ore				
Gold	(g/t)	1.73	1.86	2.08
Silver	(g/t)	21.94	22.49	55.95
Copper	(%)	1.58	2.03	1.85
Zinc	(%)	3.93	2.71	5.12
Copper Concentrate				
Tonnes		67,888	84,741	1,101,015
Copper grade	(%)	25.89	25.69	24.43
Copper recovery	(%)	87.62	89.46	85.71
Zinc Concentrate				
Tonnes		87,082	53,230	1,374,603
Zinc grade	(%)	50.47	50.31	51.71
Zinc recovery	(%)	88.27	82.65	81.78
Payable Copper	(000's lbs)	37,252	46,132	569,862
Payable Zinc	(000's lbs)	81,631	49,651	1,319,452



British Columbia



GEOLOGICAL RESERVES as of December 31 1996

Zone/Deposit	Proven & Probable (Tonnes)	Gold (g/t)	Grades			Zinc (%)
			Silver (g/t)	Copper (%)		
H-W	6,718,302	2.2	35.5	1.7	4.2	
Battle	4,189,026	1.1	31.5	2.1	13.0	
Extension	316,940	0.9	35.4	1.1	3.2	
Gap	530,532	3.6	125.1	1.7	12.9	
Lynx	285,600	3.1	95.8	1.8	10.3	
Price	185,000	1.5	66.4	1.4	10.4	
6 Level	120,500	1.3	91.4	0.4	6.0	

TOTAL

as of December 31 1996	12,345,900	1.9	40.4	1.8	7.8
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as of December 31 1995	13,585,160 *	2.0	38.0	1.9	6.9
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* For comparative purposes the Marshall Zone was reclassified into possible reserves.

GEOLOGICAL RESERVES as of December 31 1996

Zone/Deposit	Possible (Tonnes)	Gold (g/t)	Grades			Zinc (%)
			Silver (g/t)	Copper (%)		
Gap	241,906					
Battle	670,868					
Extension	0					
Marshall	90,100					
Ridge East	399,700					
Ridge West	267,900					
Trumpeter	290,843					

not reported, but expected in total to be the same as, or higher than, average reserve grade.

TOTAL

As of December 31 1996	1,961,317
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As of December 31 1995	2,127,731
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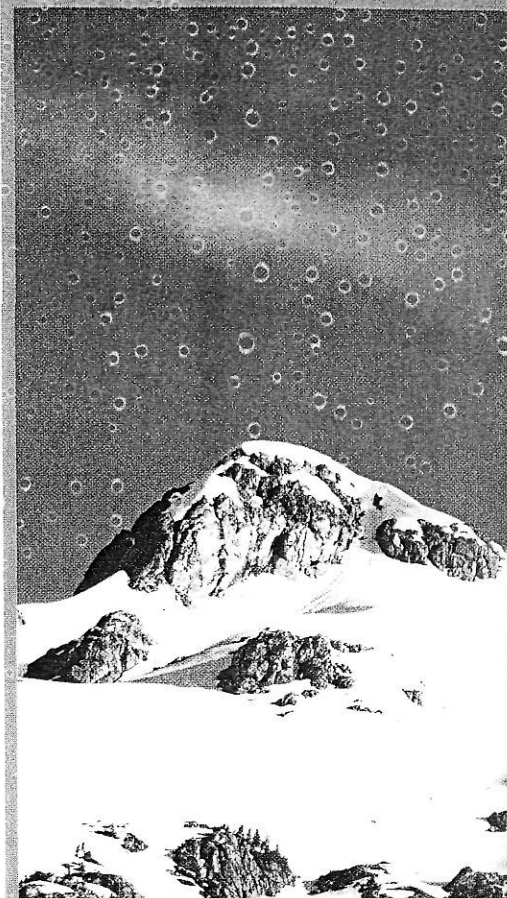
MINEABLE RESERVES as of December 31 1996

Zone/Deposit	Proven & Probable (Tonnes)	Gold (g/t)	Grades			Zinc (%)
			Silver (g/t)	Copper (%)		
H-W	4,649,910	1.8	25.6	1.4	3.3	
Battle	3,800,950	0.8	23.8	1.7	10.5	
Extension	199,672	0.7	28.1	0.9	2.5	
Gap	447,875	2.9	99.3	1.3	10.2	

TOTAL

as of December 31 1996	9,098,407	1.4	28.6	1.5	6.6
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As of December 31 1995	11,150,379	1.5	27.5	1.6	6.1
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Mount Myra, Strathcona Provincial Park, B.C.

FINANCIAL HIGHLIGHTS

(thousands except per share data)

	1996	1995
Revenues	\$ 100,764	\$ 110,733
- Mining	96,289	106,131
- Investment and other income	4,475	4,602
Cash Flow From Operations	(5,262)	25,571
Net Income	21,298	11,764
Net Income Per Share	0.23	0.12
Long-Term Debt	38,005	85,525
Capital Expenditures	34,541	19,938
Total Assets	609,467	227,558
Shareholders' Equity	409,094	111,116
Common Shares Outstanding		
Total at December 31	94,959,996	56,416,071
Annual Average	68,088,945	47,213,790
Common Shares traded on the Toronto Stock Exchange	75,942,268	6,029,335

OPERATING HIGHLIGHTS

Myra Falls Operations

Ore Milled		
- Tonnes	1,267,583	1,197,399
- Daily average (tonnes/24 hour day)		
- based on operating days	3,487	3,299
- based on calendar days	3,473	3,281
Production: Payable Metals		
✓ Gold (oz.)	22,101	22,221
✓ Silver (oz.)	382,366	397,820
✓ Copper (000 lbs.)	37,252	46,132
✓ Zinc (000 lbs.)	81,631	49,651
Geological Reserves (tonnes)	12,345,900	13,645,260

Gibraltar Mine (1)

Ore Milled		
- Tonnes	13,161,000	13,855,000
- Daily average (tonnes/24 hour day)		
- based on operating days	36,061	37,920
- based on calendar days	36,061	37,920
Production: Payable Metals		
Copper in concentrate (000's lb.)	61,947	59,092
Copper in cathode (000's lb.)	5,634	5,724
Molybdenum in concentrate (000's lb.)	402	67
Mineable Reserves (tonnes)	145,583,000	162,391,000

(1) Production statistics are for the full years 1995 and 1996, however Westmin has included Gibraltar financial contribution only from October 16 1996.