$94.5 million in 1989. Revenues from Premier Gold, which included a unitization payment and management fees, were $4.8 million in 1989 compared to $4.1 million in 1988. Coal revenues , while on plan, dropped to $4.2 million in 1989 from the $10.8 million realized in 1988. This decline is the result of the 1988 sale of the remaining reserves from the Whitewood coal lease.

Cash flow from the Myra Falls Operations decreased to $22.9 million in 1989 versus $39.0 million in 1988. The Myra Falls Operations suffered a net operating loss of $2.0 million compared to an operating profit of $15.3 million a year earlier.

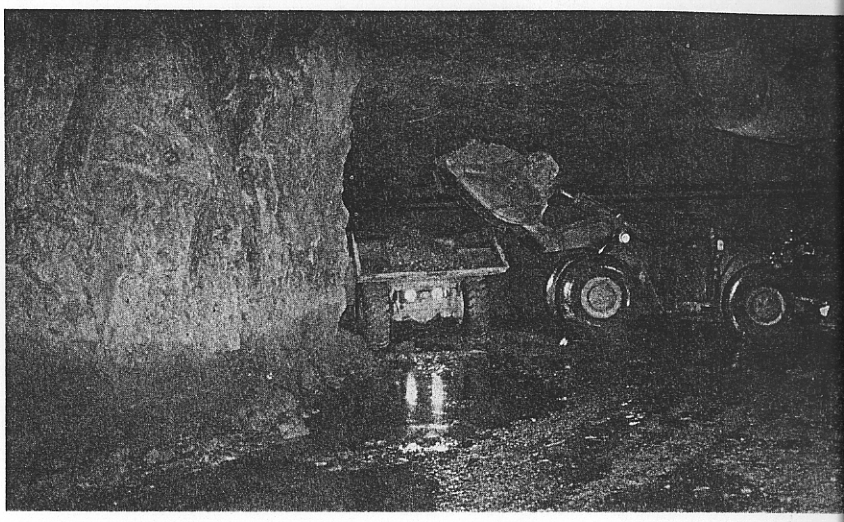
Operating losses at Premier Gold of $13.6 million (Westmin's share $6.8 million) were capitalized as deferred start-up costs.

MYRA FALLS OPERATIONS

The Myra Falls Operations are located 90 km. southwest of Campbell River on Vancouver Island. Included in the Operations are two active underground mines (H-W and Lynx), a concentrating plant (mill), two hydro-electric generating plants, a tailings storage facility and water treatment ponds and facilities. Copper and zinc concentrates, with gold and silver values, are produced at Myra Falls. The concentrates are trucked to Westmin's shipping facility near Campbell River and from there are barged or shipped to smelters in Canada and around the world.

H-W Mine Operation

The H-W Mine produced 1,122,564 tonnes of ore in 1989 compared to 1,135,619 tonnes a year earlier. Zinc grades in 1989 were down to 4.0 per cent from 4.8 per cent in 1988 because poor ground conditions and backfill cycle problems



delayed production in higher grade zinc stopes. Copper grades of 2.1 per cent were 16 per cent below the 2.5 per cent attained in 1988, but recoveries were higher.

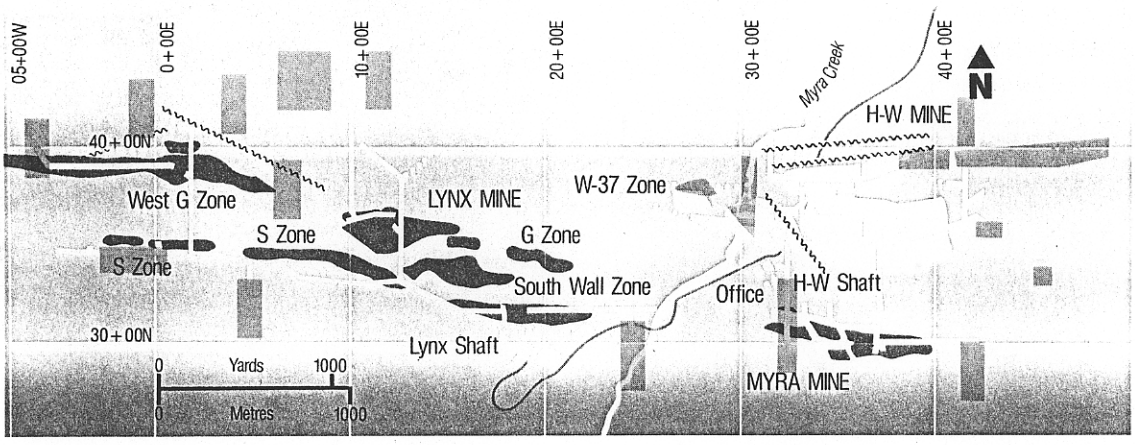
Lynx Mine Operations

Tonnage milled from the Lynx Mine declined in 1989 to 106,698 tonnes compared to 119,505 tonnes in 1988. The decline is due to a gradual reduction in mining areas resulting from reduced ore reserves. Based on current reserves, it is expected that Lynx production will drop further to approximately 90,000 tonnes in 1990.

Milling

Lower grades resulted in a drop of 17,602 tonnes to 101,188 tonnes of copper concentrate in 1989. Zinc concentrate production declined 17,335 tonnes to 79,305 tonnes in 1989.

The milling rate for 1989 averaged 3,456 tonnes per day or 1,229,262 tonnes compared with the 1988 average of 3,467 tonnes per day or 1,255,124 tonnes. The mill operated for 356 days in 1989.



Myra Falls

Lynx Mine/Myra Mine Orebodies

H-W Mine Orebodies

Road ~~~ Faults

Areas To Be Tested By Drilling 1990

Underground Drifts/ Cross Cuts Proposed Drifting For 1990

Total Geological Reserves as January 1, 1990

Mine	Proven & Probable Reserves Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %
H-W	10,138,400	2.1	30.4	2.0	0.3	3.5
Lynx	191,300	3.0	90.8	1.7	0.9	9.1
Price	209,500	1.2	53.1	1.1	1.1	8.3
Total	10,539,200	2.1	32.0	2.0	0.3	3.7
Proven, Probable* & Possible Geological Reserve (January 1989)	**12,101,700**	**2.3**	**34.5**	**2.3**	**0.4**	**5.2**
Resources as of January 1, 1990 **	3,726,700	2.5	16.8	1.1	0.1	1.2

* The January 1, 1990 reserve is a completely new calculation, therefore it is not strictly comparable with the 1989 reserve.

** Consists of auriferous pyrite considered non-economic with current prices and technology.

Mine Exploration

In August 1989, exploration diamond drilling at Myra Falls intersected significant thicknesses of massive sulphide mineralization in the newly named Ridge Zone, an area north and approximately 300 metres below the existing Lynx workings. These intersections are on the same stratigraphic horizon as the ore deposits of the H-W Mine approximately three kilometres away. Polymetallic, ore grade, massive sulphide intersections, up to four metres thick, have been intersected in other areas of the Ridge Zone. Exploration drifting is underway to provide access for continued diamond drilling in the area to evaluate this discovery.

A major review of the geological reserves was completed in December 1989. The last complete re-calculation of reserves from drill hole data for the entire H-W deposit, was conducted in 1985. This 1989 review will allow geological and engineering staff to improve grade forecasting.

Power

The Thelwood hydro plant fed by the Thelwood and Jim Mitchell Lakes generates eight megawatts of power for the Myra Falls Operations, while a second smaller hydro plant fed by Tennent Lake provides the operation with an additional three megawatts of power. Although 1989 production costs were influenced by the Thelwood power plant shutdown following the collapse of the penstock in late

1988, a $4.4 million insurance claim was received to partially compensate for reconstruction and diesel power generation costs. As a result of an extremely dry summer, both plants had to be shut down until the water levels were sufficient to resume operations. During those time periods, and at a substantial cost which could not be recovered through insurance, additional diesel electric generators were required to maintain the power supply at Myra Falls.

Environment

With this operation located in British Columbia's oldest provincial park, Westmin is very cognizant of its responsibility for protecting and preserving this wilderness area. The company's responsible approach to environmental management and its state-of-the-art environmental protection technology has earned it international recognition.

In 1989 Westmin completed successful reclamation of the old tailings disposal system to Buttle Lake. This $1.5 million project has eliminated an uncontrolled source of acid rock drainage which had been a major environmental concern at the Myra Falls Operations. Natural vegetation has re-established itself in this reclaimed area.

The first phase of a four-year, $300,000 program to rehabilitate the Jim Mitchell Lake road was completed in November at a cost of $100,000. The next phase of this project, scheduled for 1990, will concentrate on the area around Jim Mitchell Lake, one of the most challenging portions of the program due to the steep terrain, high rainfall and snow run-offs.

MYRA FALLS OPERATIONS
Mining and Milling Activities

	1989	1988	since start-up
Concentrator			
Tonnes Milled	**1,229,262**	**1,255,124**	**10,399,871**
Source of ore in per cent			
% from Lynx	8.7	9.5	48.5
% from Myra	---	---	10.1
% from H-W	91.3	90.5	41.5
No. of operating days	**356**	**362**	**7,773**
Daily average in tonnes	**3,456**	**3,467**	**1,338**
Per cent operating time *	**91.3**	**90.0**	**96.4**
Grade of ore			
g/t Au	2.11	2.33	2.16
g/t Ag	33.6	39.2	75.6
% Cu	2.14	2.49	1.89
% Pb	0.26	0.31	0.73
% Zn	3.98	4.79	6.39
Tonnes of copper concentrate	**101,188**	**118,790**	**685,948**
% Cu grade	23.0	22.9	24.1
% Cu recovery	88.2	87.1	85.4
Tonnes of zinc concentrate	**79,305**	**96,640**	**1,022,453**
% Zn grade	49.5	49.4	51.9
% Zn recovery	80.2	79.4	81.3

* per cent operating time is based on operating days