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Premier

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Premier Gold Operations



Premier Gold Operations, located 20 kilometres north of Stewart, British Columbia, comprise the historic Big Missouri and Silbak Premier gold mines and a modern, efficient, 2,000 tonnes per day milling plant with ancillary facilities.

During 1995, only ore from underground mining was available for mill feed resulting in low utilization of the plant. Production from the mine is limited by: the scarcity of known ore zones, labour-intensive tasks such as recovery of pillars and boxholes and physical constraints arising from the 50 year old mine workings.

Steps taken to address these problems included reviewing and compiling all information on reserves and projecting these known zones into unmined areas, testing of these projected zones and the purchase of additional, more productive, equipment.

The continued excellent safety record of the mine was recognized by the Province of British Columbia when the Minister of Energy, Mines and Petroleum Resources presented Premier with the trophy for "The Safest Small Underground Mine in B.C."

Mining

The mine department exceeded its overall tonnage target by 18 per cent in 1995, however the mine grades were below plan by 23 per cent for gold and 10 per cent for silver. As a result, bullion production fell below budget by 11 per cent in terms of equivalent ounces of gold. Operating costs were 7 per cent below plan, however, overall productivity increased to 22.7 tonnes mined per man-shift, a 33 per cent improvement over 1994.

Glory Hole

While maintaining the same average grade as last year at 2.87 g/t, 41 per cent more tonnes than budgeted were removed from the Glory Hole. Two additional levels were developed and additional equipment was brought in to increase production.

Reclamation

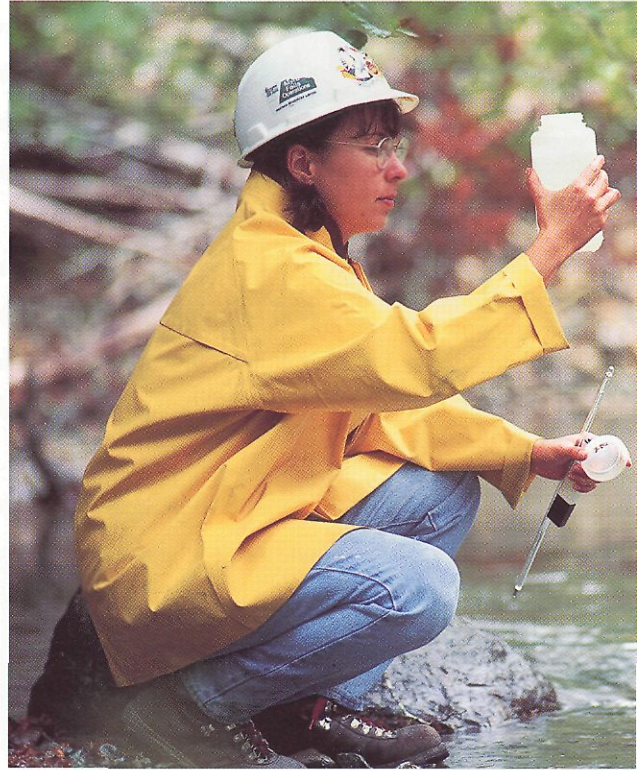
During the year Westmin completed a number of reclamation projects on the Jim Mitchell Lake Road and the Price and Lynx Mines.

Late in the year, the Company submitted a revised reclamation and closure plan to the British Columbia Ministry of Energy, Mines and Petroleum Resources. The revised closure cost is now estimated at \$14 million, which includes the present value of ongoing water treatment costs, compared with the 1990 closure plan of \$22 million plus an annual operating cost of \$750,000. Cost estimates for the 1990 and 1995 closure plans were based on shotcrete and clay/till cover technologies, respectively. Recent research studies have now demonstrated that clay/till cover technology is not only less expensive than the shotcrete option but is also environmentally more effective. This and other improvements have reduced the estimated closure and reclamation costs.

Human Resources

The total number of employees at Myra Falls Operations was 433 at the end of 1995, an increase of 12 from the previous year. The Company was active in employee training and development which focused on health and safety training, skills and technical training and supervisory skills development. Operations Review Meetings were held with all employees after each quarter to review the past quarter's results and outline the challenges and priorities for the upcoming quarter. Regular labour/management meetings were held to promote the cooperative resolution to workplace issues and to work toward reducing the injury frequency.

The Company continued the tradition of being actively involved in the community. In 1995 it supported several charitable and community organizations, as well as hosting a number of employee social activities. A new event for 1995, the Family Open House Day, had Westmin arrange tours and exhibits of the Myra Falls Operations for employees' families.



Dianna Stoopnikoff, Environmental Technician



Longhole drilling, Premier Gold Operations

Underground

Production from this section of the mine in 1995 showed an increase over 1994 levels of four per cent in tonnes and seven per cent in gold grades. The 4B, 5B and 4AE stopes provided most of the ore while development for 1996 mining concentrated on Level 5 as per the original mining plan.

Milling

Mill throughput exceeded budget by 20 per cent in 1995, but due to lower head grades and recoveries, actual gold production fell 14 per cent below plan, although 11 per cent above 1994 levels.

Production Summary

	1995		1994	
	Premier	Custom* Milling	Premier	Custom* Milling
Ore mined (tonnes)	176,350	n/a	151,435	n/a
Ore milled (tonnes)	179,489	598	164,174	3,737
Grades (g/t)				
Gold	3.56	46.40	3.28	5.74
Silver	86.08	24.40	71.11	18.55
Recoveries (%)				
Gold	91.90	95.00	92.22	90.70
Silver	44.20	68.20	48.10	71.80
Production (oz)				
Gold	18,666	846	16,775	633
Silver	200,509	317	169,675	1,636

*excluding Snip

In addition to Premier ore, 7,985 tonnes of concentrates from the Snip mine were processed in 1995 along with 598 tonnes of ore from two other small producers. This custom milling activity resulted in an additional 66,643 ounces of gold being poured, compared with 18,666 from Premier ore.

Exploration

Exploration activity on the numerous properties comprising the Premier Gold Operations included a major re-assessment of all geological information and the identification and prioritization of all

precious and base metal target areas. The success in mining of the Glory Hole Zone has also led to a re-evaluation of northeasterly extensions of ore zones mined in the open pit to determine the viability of mining these zones by bulk underground methods. This exploration complements the continuing assessment and, if warranted, development of pillars and small zones missed by historic mining.

Evaluation of the 1994 drilling results on the Kansas-West Kansas, nearby joint venture property, resulted in a decision to suspend exploration on that zone, as the indicated grade and tonnage potential were too low to justify development. Future developments at Premier, or an increased gold price, could improve the economics of bulk underground mining of this zone.

Environment

Premier Gold Operations continued to maintain 100 per cent compliance with all permit requirements, as well as achieving further improvements in environmental performance of the operations. All environmental management system components performed well except for a few operational difficulties during a period of abnormally cold weather.

Premier has significantly strengthened its environmental management systems. More than 80 per cent of the concerns raised by the 1994 Environmental Audit have been resolved with corrective action plans developed to address what remains.



Premier Gold Operations

Monitoring and Compliance

Premier Gold Operations monitors discharges and receiving waters at several points on a daily, weekly and monthly basis. For the fourth consecutive year, the site achieved 100 per cent compliance levels at all effluent discharge points. Biomonitoring of the receiving waters (Cascade Creek below Logan Creek) also produced excellent results indicating no significant effects downstream from the mining activities.

Monitoring of water quality from waste dumps continues to show insignificant leaching of contaminants. Nonetheless, additional studies of the chemical stability of waste dump leachates are in progress to better evaluate future reclamation requirements upon final mine closure.

Premier Gold Operations Discharge to Cascade Creek (Combined Discharge) Permit Compliance Rating Parameters (Per cent Compliance)				
Year	Dissolved Zinc	Dissolved Copper	Total Cyanide	Toxicity
1995	100.0	100.0	100.0	100.0
1994	100.0	100.0	100.0	100.0
1993	100.0	100.0	100.0	100.0
1992	100.0	100.0	100.0	100.0
1991	99.6	99.6	99.6	100.0
1990	92.3	100.0	100.0	100.0
Permit Limits*	1.0 mg/l	0.3 mg/l	1.0 mg/l	

*End-of-pipe limits (1 mg/l is equivalent to 1 part per million).

Reclamation

Premier Gold Operations revised and submitted a more detailed reclamation and closure plan after meetings with the British Columbia Ministry of Environment, Lands and Parks. Premier has investigated dam requirements to achieve a long-term waterflood condition for the tailings facility and has compiled acid-base accounting data to identify any long-term acid generation and metal leaching potential.

At the Big Missouri area, reclamation work included excavation of a rock barrier to facilitate drainage of the Province deposit; and at the Premier pit, recontouring of some of the waste



Load-haul-dump machine, Premier Gold Operations

dumps and abandoned haul roads to facilitate seeding and fertilization. A total of 26 hectares were heli-seeded during the year. Other reclamation plans are being developed for implementation during 1996.

Outlook

Nineteen ninety-five showed a definite improvement over previous years in production, operating costs and productivity. To ensure continuous progress, a constant source of quality ore must be identified. For this reason, Westmin is reviewing the reserves within the Silbak/Premier deposit and is continuing to look for additional custom milling opportunities. Early efforts indicate improved potential for substantial mineable reserves in proximity to existing workings which could allow for a doubling of the mining rate.



Westmin continued its focus on precious and base metal deposits in British Columbia, Yukon and Alaska, acquiring several new promising exploration properties and advancing existing ones. The highlight of 1995 was the acquisition of the Wolverine Lake Property in southeast Yukon and the subsequent discovery of a high-grade polymetallic massive sulphide deposit on the property.

Joint venture funding of \$4 million, along with \$5.7 million spent by Westmin, increased the Company's exploration exposure by 70 per cent in 1995. Westmin's joint venture partners actively pursued exploration targets on the Fairchild Project in the Yukon, on gold properties at Detour Lake in northeastern Ontario and at the Clearwater Property in northern Quebec.

YUKON

Westmin's exploration activity in the Yukon reached new highs during the past year with its significant discovery at Wolverine Lake and a major drilling program on the Fairchild Project. The Company continues to consider the Yukon a preferred exploration location because of strong support for mining by both government and local communities. Excellent progress in advancing aboriginal land claims negotiations in the Yukon provides a positive basis for working with Yukon First Nations and gaining their support for mine development projects.

Wolverine Project

Mineral Interests

In early 1995, Westmin acquired an option from Atna Resources Ltd. to earn a 60 per cent interest in 143 mineral claims in the Yukon-Tanana Terrane of southeast Yukon. Westmin vested its interest in early 1996 by incurring expenditures of \$3 million and making cash payments of \$190,000. It then entered into a joint venture with Atna to continue exploration and development of the Wolverine Zone and surrounding claims.

The Wolverine joint venture property has been increased to approximately 1,840 claims, including 108 claims subject to a 50:50 joint venture with Cominco Ltd. Westmin also wholly owns

Corporate Highlights

FINANCIAL HIGHLIGHTS	1995	1994
(thousands except per share data)		
Revenues	\$ 110,733	\$ 34,239
- Mining	106,131	32,718
- Investment and other income	4,602	1,521
Cash Flow From Operations	25,571	(16,708)
Net Income (Loss)	11,764	(24,786)
Net Income (Loss) Per Share	0.12	(0.77)
Long-Term Debt	85,525	119,571
Capital Expenditures	19,938	3,756
Total Assets	227,558	202,097
Shareholders' Equity	\$ 111,116	\$ 50,178
Common Shares Outstanding		
Total at December 31	56,416,071	47,110,120
Annual Average	47,213,790	43,536,239
Common Shares traded on the Toronto Stock Exchange	6,029,335	1,968,796

OPERATING HIGHLIGHTS

Myra Falls Operations

Ore Milled		
- Tonnes	1,197,399	251,560
- Daily average (tonnes/24 hour day)		
- based on operating days	3,299	2,676
- based on 365 days	3,281	689
Production: Payable Metals		
Gold (oz.)	22,221	3,977
Silver (oz.)	397,820	95,907
Copper (000 lbs.)	46,132	8,616
Zinc (000 lbs.)	49,651	9,314
Geological Reserves (tonnes)	13,645,260	12,526,235

Premier Gold Operations

Ore Mined (tonnes)	176,350	151,435
Ore Milled		
- Tonnes (1)	188,072	173,352
- Daily average (tonnes/8 hour day)		
- based on operating days	752	680
- based on 365 days	515	475
Production: Payable Metals (2)		
Gold (oz.)	85,309	60,523
Silver (oz.)	233,204	191,277
Geological Reserves (tonnes)	95,000	113,225

(1) 1995 production includes 7,985 tonnes (1994 - 5,441) of Snip concentrate and 598 tonnes (1994 - 3,737) of other custom milling ore.

(2) 1995 production includes 65,797 ounces (1994 - 43,315) of gold and 32,378 ounces (1994 - 20,800) of silver produced from the processing of Snip concentrate.