

Training

A very active employee training program continued throughout the year with courses conducted for both union and non-union employees. It included the basic WHMIS program, designed by the Federal and Provincial governments, covering the latest regulations concerning the handling of hazardous materials in the workplace.

PREMIER GOLD PROJECT

The decision to start the Premier Gold Project, near Stewart, British Columbia, was announced in January 1988 after completion of comprehensive feasibility studies and negotiations with the other joint venture participants, B. C. Hydro and the Province of British Columbia. In addition, successful negotiations were held with Tournigan Mining Explorations Ltd. to restructure the 30 per cent Net Profits Interest held by Tournigan in the Big Missouri property into a 5 per cent Net Profits Interest after payback of pre-production costs in the combined Silbak Premier/Big Missouri project now known as the Premier Gold Project.

Final engineering, tendering and construction proceeded at a rapid pace throughout 1988 and substantial progress was made. Mill production is expected to start in the late spring of 1989.

The current estimate of cost to complete the project is now \$92 million compared with an original estimate of \$88 million made in late 1987. Additional costs are due to the approximately \$2 million dollars spent on the temporary diesel power plant required until British Columbia Hydro's transmission line is completed to the nearby community of Stewart, B. C. The remaining \$2 million

is attributed to greater general inflation than expected in construction costs over the 18 month construction period.

Mill Development

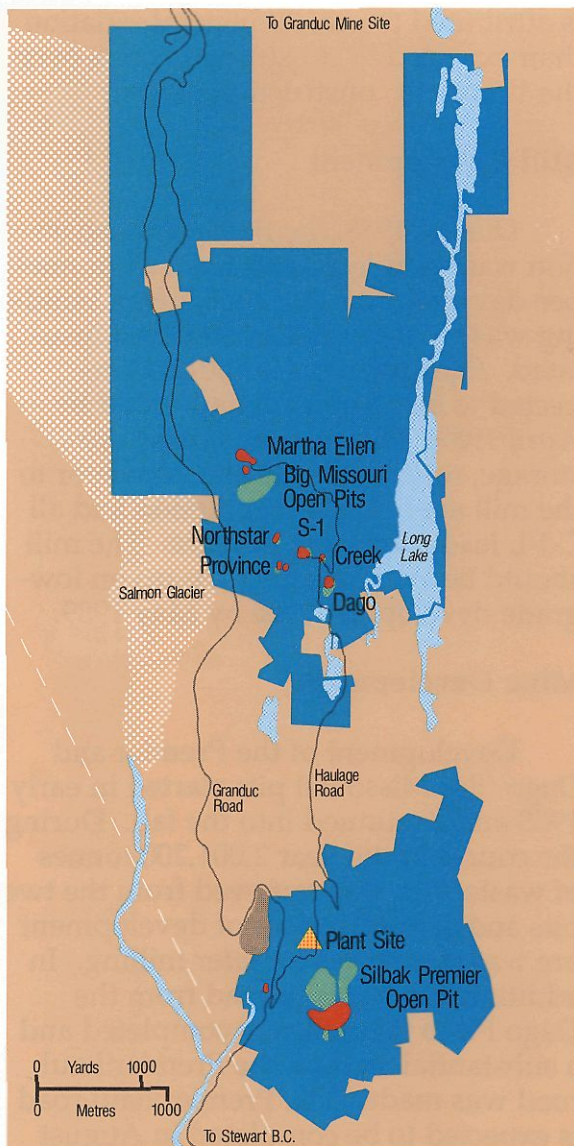
During 1988, the final site preparation was completed and the 2000-tonne-per-day mill/maintenance/office building was erected, clad, roofed and insulated. Equipment installation is expected to be completed and tested by April 1989. The crusher, coarse ore storage, reclaim tunnel and conveyor to the mill are nearing completion and all C-I-L leach tanks are in place. The mill should be available for tune-up on low-grade development ore by May 1989.

Mine Development

Development of the Premier and Dago (Big Missouri) pits started in early 1988 and continued into the fall. During the course of the year 2,001,200 tonnes of waste rock was removed from the two pits and 335,600 tonnes of development ore was stockpiled for later milling. In addition, the haulage road from the Dago Pit to the mill was completed and a substantial start on the Premier haul road was made. The Premier haul road is expected to be completed in August 1989 although mining will re-commence in late spring.

Ancillary Facilities

The tailings dam, tailings pipeline, and preparation of the tailings area was completed. The fresh water supply and water reclaim system is also ready. The powerline to connect with B. C. Hydro's grid at Stewart has been virtually completed and temporary generators to provide power on an interim basis until



**Premier Gold Project
(Silbak Premier/Big
Missouri)**

- Westmin Claims
- Waste Dump
- Gold Deposits
- Tailings Disposal Area
- Roads



the B. C. Hydro line is completed, have been purchased and installed on site.

Exploration and Reserves

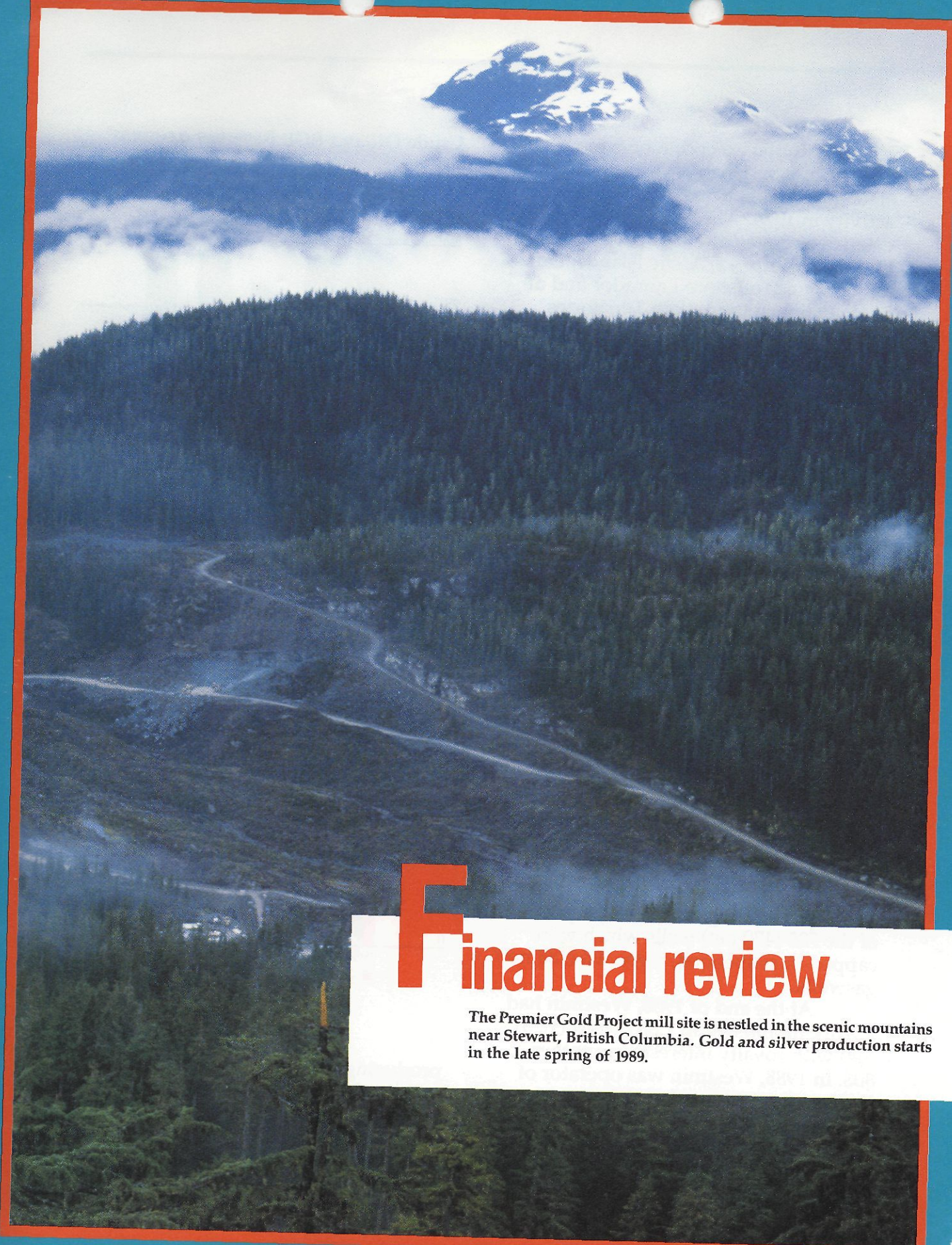
Exploration continued throughout 1988 and into 1989 at the Premier Gold Project. Results of the exploration program are included in the following section of this report.

MINERAL EXPLORATION

Mineral exploration in 1988 successfully expanded gold reserves at the Premier Gold Project and considerably enhanced the Debbie/Yellow, Little Stull and Clearwater Projects. Exploration, largely through joint ventures, was conducted on 22 properties. Thirteen properties were diamond drilled, all but two of which warrant additional drilling. Geological, geophysical and geochemical surveys have also identified drill targets on an additional six properties.

Premier Gold Project, British Columbia (Westmin 50.1%)

Exploration in 1988 continued to expand the ore reserve base on the Premier Gold properties with expansion of the open pit reserves in the S1, Martha Ellen and Northstar zones at Big Missouri (March, 1988). Geological reserves at Big Missouri of 3,685,000 tonnes, grading 2.5 g/tonne gold and 21.3 g/tonne silver, are expected to increase slightly; whereas mineable reserves (March 1988) of 1,685,200 tonnes grading 3.1 g/tonne gold and 23 g/tonne silver are expected to increase by approximately 30 percent. Diamond drilling confirmed the depth extension of the S1 Zone. A new zone, the Day Zone, pro-



Financial review

The Premier Gold Project mill site is nestled in the scenic mountains near Stewart, British Columbia. Gold and silver production starts in the late spring of 1989.

With the exception of exploratory drilling in Abu Dhabi, Westmin's foreign and frontier acreage saw little activity in 1988. The Company holds extensive proven and prospective land in the Beaufort Sea, Arctic Islands, Lancaster Sound, offshore Labrador and at Eagle Plains in the Yukon Territories.

RESERVES

Activity in the past year brought the volume of proven reserves up in 1988. Proven oil and natural gas liquids reserves rose by 1.4 million barrels (bbls) to 29.7 million bbls in 1988. Proven natural gas reserves also increased by 6.8 billion cubic feet (bcf) to 563.3 bcf.

Westmin's total proven and probable oil reserves are down slightly at 93.5 million bbls compared to 100.4 million bbls in 1987. In contrast, proven and probable natural gas reserves are up at 642 bcf compared to 634 bcf in 1987 reflecting the Company's increasing emphasis on natural gas due to favourable markets.

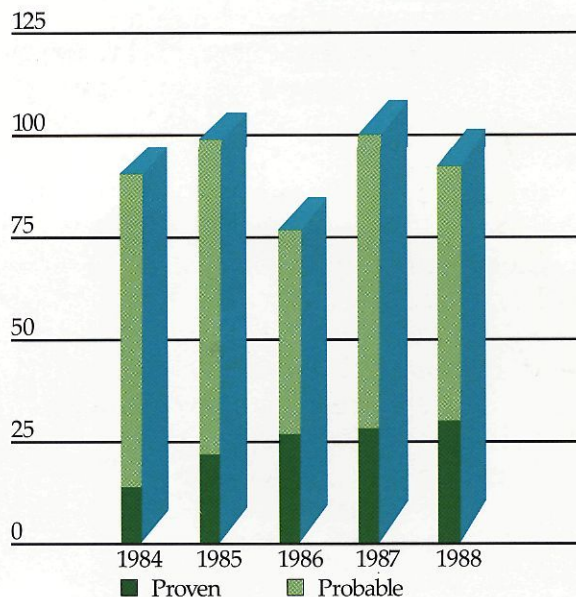
Approximately 40 per cent of Westmin's proven gas reserves are producing, and 37 per cent have already been dedicated to gas sales contracts but are shut-in. The remaining 23 per cent are shut-in and undedicated.

Accounting for the major portion of the 725 (470 net) wells which were capped or suspended, were 498 (288 net) gaswells.

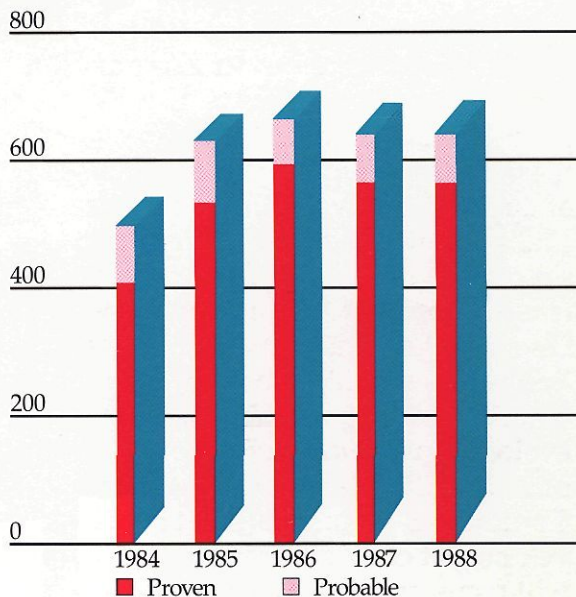
At the end of 1988, Westmin had a working interest in 1,863 wells (1,231 net) with royalty interests in another 808. In 1988, Westmin was operator of 1,486 wells (1,146 net) of the working interest wells.

As of December 31, 1988, Westmin had interests in 604 (465 net) producing oilwells in Canada, 12 (2.5 net)

Crude Oil and BGL Reserves (MMBBLs)



Natural Gas Reserves (BCF)



producing oilwells in the U. S., 517 (294 net) producing gaswells in Canada and 5 (1 net) producing gaswells in the U.S. Westmin also retained producing well royalty interests in 356 oilwells and 267 gaswells in Canada.

vided moderate grades over widths suitable for underground mining.

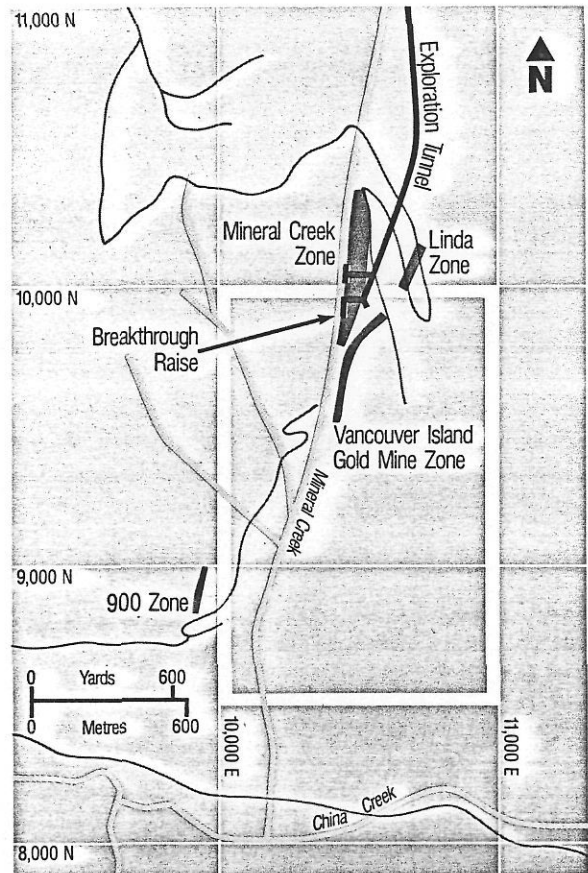
Evaluation of underground reserves at Silbak Premier began in earnest in 1988 and met with considerable success with reserves defined in the 4G stope area situated approximately 30 metres below the West Zone part of the planned Silbak Premier open pit, and in the 609-602 areas downplunge of the west end of the pit. Both areas are within the former underground mine, although the 609 and 602 areas are on the lowest level (6 Level) in the mine and have undergone only minor stope development. The estimate of reserves in the 4G stope area is 181,000 tonnes grading 10.9 g/tonne gold and 47.7 g/tonne silver. Evaluation of the Northern Light area commenced in 1988 with moderate success in defining targets of the previous reserve base.

Drilling in the Power Zone and on the High Ore-Ruby Silver Joint Venture property met with moderate encouragement. A small, moderate-grade reserve of approximately 26,000 tonnes, grading 12.0 g/tonne gold and 34.3 g/tonne silver, was defined in the core of the extensively mineralized Power Zone. Several other small zones of mineralization were evaluated in 1988.

A total of \$5.3 million was spent on exploration in 1988, and an expenditure of \$3.2 million is planned for 1989. Continuing exploration will focus on development of underground reserves and will focus on the Day Zone at Big Missouri and 4G, 609-602 and Northern Light zones at Silbak Premier.

**Debbie/Yellow Project
British Columbia (Debbie-Westmin
50% and Yellow-Westmin 24.5%)**

A 4 x 3 metre-trackless exploration tunnel contracted to Mainstreet Mining



- Debbie Yellow Project**
- Yellow Claim
 - Gold Zones
 - Roads
 - Rivers
 - Exploration Tunnel

