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George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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NO. 158 (1996)
AUGUST 15, 1996

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WESTMIN RESOURCES LTD.

[WMI-T] 47,148,464 SHS.

SECOND QUARTER RESULTS - Westmin Resources Ltd. announced earnings for the quarter ended June 30, 1996, of \$48,700,000 (or 75¢ per common share after preferred share dividends) for the second quarter 1996 compared with earnings of \$2,400,000 (2¢ per common share) for the second quarter of 1995 due to a \$59,400,000 net gain recorded upon proposed sale of the coal assets. Without this non-recurring gain the company would have incurred a \$10,700,000 loss. This \$13,100,000 loss is due to inventory adjustments related to the copper price decline.

Cash consumed by operations was \$4,000,000 for the period in 1996 compared with \$4,800,000 cash generated in the second quarter of 1995. Interest costs fell to \$1,700,000 for the second quarter of 1996 from \$2,800,000 for the period in 1995 due to lower debt levels. Capital spending increased from \$4,800,000 in the second quarter of 1995 to \$5,800,000 this quarter reflecting a \$900,000 increase at Wolverine and continued spending at Myra Falls and Premier.

During the quarter, Westmin completed a financing netting \$96,300,000. This brought working capital at the end of the quarter to \$159,900,000.

At Myra Falls operations, mill production improved to 333,933 tonnes for an average of 3,670 tonnes per day during the quarter, above the plan of 3,650 tpd and better than last year's second quarter at 3,518 tpd. Unit operating costs were \$47.45 per tonne, 4.9% lower than the first quarter, but still 7.3% higher than the second quarter of 1995 reflecting the initial higher cost mining in the Battle Zone. Development work to access and produce Battle Zone stopes proceeded all quarter and five faces are now in ore. Driving of ore, waste and ventilation raises is proceeding and 24 Level should be ready for lower cost Battle Zone ore haulage early in the fourth quarter.

Coal operations generated earnings of \$1,400,000 in the second quarter, compared with \$1,200,000 for the comparable period last year. These assets were sold at the end of the second quarter and the transaction is expected to close in August.

Underground mining at Premier Gold operations was suspended in the first quarter because of poor gold grades in the developed zones and the lack of developed replacement zones. Premier had an operating loss of \$400,000 this quarter compared with a profit of \$700,000 for the second quarter of 1995. Exploration to rebuild reserves is progressing. Processing of Snip Mine concentrates is continuing.

The company's exploration program continued on the Wolverine project area, southeastern Yukon. By the end of the quarter the program had expanded to three diamond drills which had obtained six new massive sulphide intersections on the Wolverine deposit as well as testing a number of other targets. Wolverine drilling will continue into the fall. More drilling is scheduled for the Dragon property on Vancouver Island later in the summer and around year end at Fin del Mundo in Argentina and Blue Moon in California.

At Myra Falls July zinc grades and production rates were over 35% higher than the second quarter demonstrating the effect of higher grade ore from Battle Zone.

A dividend of 53¢ per share has been declared payable Sept. 30, 1996 to shareholders of Class B preferred shares, Series 1 of record September 13, 1996.

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