

YEAR ENDED DECEMBER 31, 1996	1995	
REVENUE	\$110,700,000	\$100,800,000
CASH FLOW	(900,000)	32,100,000
EXPENSES	133,100,000	106,200,000
NET INCOME	21,300,000	11,800,000
EARNINGS PER SHARE	23¢	12¢

When the after tax effect of the coal sale is eliminated, the results reflect a loss of \$33,100,000 or 57¢ per share after preferred dividends. Capital spending increased to \$34,500,000 in 1996 compared with \$19,900,000 last year as development of the Myra Falls Battle/ Gap zones accelerated, Gibraltar Mine capital was included and spending on Lomas Bayas and Wolverine Projects increased. Exploration spending in 1996 at \$5,900,000 was significantly above the previous year's levels of \$2,500,000, reflecting increasing activity.

The fourth quarter of 1996 resulted in a loss of \$17,300,000 (31¢ per share). The quarterly results were distorted by the following non-recurring items:

Charges associated with the sale of coal assets	
and valuation of related financial instruments	\$5,000,000
Myra Falls Restructuring Costs	3,000,000
Premier closure	1,300,000
Gibraltar Accruals	700,000
Total	\$10,000,000

After a poor operating month in October which was affected by congestion on 18 Level prior to the commissioning of the ore handling system for Battle ore, Myra Falls Operations had good production. Average mill feed for the fourth quarter was 3,633 tonnes per day at head grades of 1.8% copper and 4.3% zinc compared with an average of 3,406 tonnes per day at head grades of 1.5% copper and 3.8% zinc for the first nine months of the year.

Budget levels are being achieved in the first quarter of 1997. January production was 3,442 tonnes per day at head grades of 1.5% copper and 5.3% zinc and February to mid month is 3,750 tonnes per day at 1.8% copper and 5.3% zinc.

At the Gibraltar Mine, production was at budget levels in the fourth quarter. In January, it averaged 40,294 tonnes per day grading 0.252% copper and to date in February is achieving 43,847 tonnes per day grading 0.303% copper, which is well above target.

At Lomas Bayas, during the fourth quarter, a program to define reserves to justify an increase in capacity began. The drilling phase is now more than one-half completed and results are as expected. The metallurgical phase has started.

The Wolverine project drilling was completed in mid October and the new geologic resource of 5,300,000 tonnes grading 1.8 grams gold/tonne, 359.1 grams silver/tonne, 1.41% copper, 1.53% lead and 12.96% zinc was announced. The 1997 program is expected to begin in May with the objectives of defining Wolverine/Lynx Zone reserves, adding additional tonnes and exploring for more deposits along the favourable belt.

Drilling has begun at the Fin del Mundo massive sulphide prospect in southern Argentina.

The drilling program at the Premier Gold Project was completed in the fourth quarter and a proven and probable reserve of 386,000 tons grading 0.21 oz. gold/ton (0.27 uncut) and 1.6% zinc was reported. Although that reserve, plus the possible reserve of 123,000 tons grading 0.25 oz. gold/ton (0.29 uncut) and the large surrounding resource, is thought to be sufficient to restart the mine, the decision has been made to sell the operation so Westmin can focus on base metal core assets. (SEE GCNL NO.26, 6Feb97, P.1 FOR PREMIER PROJECT DETAILS)

NO. 36 (1997)
FEBRUARY 20, 1997

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WESTERN CANADIAN INVESTMENTS

FEB 25 1997
NO. 36 (1997)
FEBRUARY 20, 1997

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SUBSCRIPTION RATE
\$350.00 + G.S.T.
PER YEAR

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P. 20F2