

1710 - 609 GRANVILLE ST
PO BOX 10363
VANCOUVER BC
CANADA V7Y 1G5
(604) 683-7265 FAX 683-5306

George Cross News Letter

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WESTMIN RESOURCES LTD.

[WMI-T] 94,450,42 SHS.

REVIEW OF 1996. - Bruce McKnight, vice president, reports Westmin Resources Ltd. in 1996 made progress toward doubling in size by 1999. The company raised about \$97,000,000 in an equity issue in April and bought Gibraltar Mines Ltd. for \$272,000,000, with \$82,600,000 cash and 28,000,000 Westmin shares. Gibraltar has a low grade copper mining operation in the Cariboo Region of BC and an oxide copper development project in northern Chile. During 1996 Westmin completed the \$80,000,000 sale of its coal assets and early in 1997 reported it would be selling its Premier Gold Project in northwest BC. The company also made progress in exploring the 60% owned Wolverine Joint Venture Deposit in the Yukon (ATNA RESOURCES LTD. [ATN-T] 40%). Westmin is focussing on base metals with growth projected in both copper and zinc production.

Development of the Vancouver Island, BC Myra Falls Battle and Gap Zones progressed. During 1996 over 18% of ore produced came from the Battle Zone compared with 4.5% in 1995. This resulted in a zinc production increase of over 60% from 1995 levels. Ore discovered during mining partially replaced ore milled during the year and resulted in an improved zinc grade of ore reserves, as zinc-rich ore was added and lower grade ore depleted. Exploration of the western extension of the Trumpeter Zone started late in 1996 and has progressed into diamond drilling of targets in 1997.

Despite the significant improvement in Myra Falls zinc production and the inclusion of 10 weeks of Gibraltar results, reduced copper production at Myra Falls, a significant decline in the average copper price, sale of the coal assets and the discontinuance of mining at Premier Gold in 1996 caused revenue to drop. The inclusion of Gibraltar costs and a number of one-time restructuring charges, resulted in expenses rising to \$133,100,000. Also recorded during 1996 was a \$62,700,000 gain, before taxes, on the sale of coal assets.

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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)

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