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Odlum Brown Limited

Research Memo

To: Investment Advisors

From: Jim Bartlett

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The following news release was reported by Canadian Corporate News.

WESTMIN RESOURCES LIMITED (WMI \$5 7/8) MYRA FALLS STEPOUT DRILL HOLE LOOKS GOOD

Westmin Resources Limited announces that the drill hole on section 12+60E, 140 metres west of the discovery hole announced May 6, has now intersected a 22.7 metre section of high grade massive sulphides. Visual estimates of this material indicates it contains in excess of 15% zinc and 2.5% copper, and because of its geological nature it is thought highly likely to be part of the same lens discovered on section 14+00E. It is planned to continue this hole through prospective upper H-W rhyolite stratigraphy to a depth of 275 metres.

Assay information on the hole should be available later this week.

The original drill is still drilling on Section 14+00E and more results should be available shortly.

A third drill is preparing to drill on Section 15+80E, 180 metres along strike to the East, to further explore this new zone.

Comment

In 1990, Westmin milled 1,229,262 tonnes of ore from the Myra Falls operations on Vancouver Island. The average grade of the ore was 3.65 percent zinc, 1.94 percent copper, 0.86 ounces of silver per tonne and 0.063 ounces of gold per tonne. Revenues generated from the sale of concentrate were \$87.6 million, while operating costs were \$72.7 million. The operating profit was \$14.9 million.

At this time, it is impossible to project the size of the new orebody. However, it is likely that the minimum size is now 1.0 million tonnes. The maximum size can only be determined by more drilling.

IF the company were to find 4.0 million tonnes of high grade, it would support an operation of 400,000 tonnes per year for 10 years. Assuming that this could be phased in to the mill in about 18 to 24 months and that the other mines were to reduce production to about 800,000 tonnes

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per year, total mill throughput would still be 1,200,000 tonnes per year. However, revenues would approximately double because the average ore grade would at least double. Revenues would then be \$175 million per year, based on 1990 metal prices and smelting charges. Operating costs would be approximately \$75 million per year. Therefore, the operating profit from Myra Falls would be \$100 million per year, or approximately \$2.50 per Westmin common share. The shares could trade at 5 to 6 times per share cash flow, so holders of the shares could still realize significant gains.

One should bear in mind that an optimistic interpretation of two holes only provides 1.0 million tonnes - not 4.0 million tonnes. Much more drilling will have to be done in order to determine if 4.0 million tonnes of high grade does exist in this area. However, the first two holes are quite thick (i.e. 108.5 feet and 74.5 feet), which leads us to think that the new discovery will be significantly larger than 1.0 million tonnes.

BUY - for the aggressive investor

HOLD - for the conservative investor

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