WESTMIN

Westmin Resources Limited

Annual Report 1986

Corporate Profile

Westmin Resources Limited is a diversified natural resource exploration and development company with interests in oil, natural gas, base metals, precious metals, coal and industrial minerals.

In 1983, the Company became part of the Brascade Resources Inc. group when the latter acquired a majority interest in Westmin from Brascan Limited. As of the 1986 year-end, Brascade held a 58 per cent fully diluted interest in Westmin.

The Company's production of crude oil and natural gas liquids has set successive annual records over the past decade.

At Myra Falls, inland from Campbell River on Vancouver Island, the H-W mine/mill expansion was completed on schedule and a three-fold increase in production was achieved during the final quarter of 1985. Subsequently, throughput significantly exceeded the mill's 3,000 tons per day rated capacity. Early in 1987, work planning began on a further expansion to 4,400 tons per day.

Coal royalty revenues increased again, with long-term growth tied to Crown royalty rates and the rate of inflation.

Follow-up programs on some of the more advanced mineral and hydrocarbon exploration projects are planned. A feasibility study on the Silbak Premier/Big Missouri gold-silver properties, near Stewart, British Columbia is currently in progress.

Table of Contents

Annual General Meeting

The Annual General Meeting of Westmin Resources Limited will be held on Wednesday, May 13, 1987, at 2:00 p.m. in the Four Seasons Hotel, Vancouver, British Columbia.

Metric Conversion

Canada commenced the changeover to "metric" on January 1, 1979. This measurement system is known as the International System of Units or SI. In this Annual Report, Mining Division measurements are given in SI and standard imperial units, while Petroleum Division results remain in imperial units. For those wishing to convert to SI, we provide the following table.

To convert from	To	Multiply By
Thousand cubic feet (mcf) gas	Cubic metres (m^3)	28.174
Barrels (bbls) oil	Cubic metres (m^3)	0.159
Feet	Metres(m)	0.305
Miles	Kilometres (km)	1.609
Acres	Hectares (ha)	0.405
Tons	Tonnes	0.907

WESTMIN RESOURCES LIMITED

Corporate Highlights

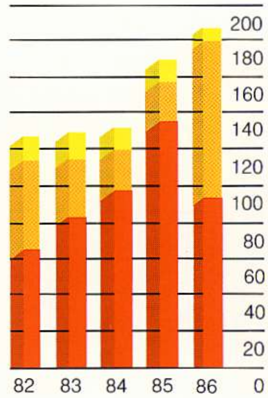
Financial Highlights

($000's except per share data)	1986	1985
Gross Revenue	$189,563	$169,783
– oil and gas	93,838	134,344
– mining	86,396	27,588
– investment income	9,329	7,851
Cash Flow	52,125	80,007
Net Earnings	8,648	30,452
Net Earnings (Loss) per share	(.21)	.40
Working Capital	117,006	87,583
Long Term Debt	310,662	339,707
Capital Expenditures	36,865	288,968
– oil and gas	30,550	186,538
– mining	5,622	101,930
Total Assets	888,744	894,807
Shareholders' Equity	396,691	384,347
Common Shares Outstanding	38,697,597	38,520,428

Operating Highlights

		1986	1985
Gross Production*			
Crude Oil	– bbls	2,955,100	2,354,250
	– bbls/d	8,096	6,450
Natural Gas	– mmcf	21,520	20,944
	– mmcf/d	59	57
Minerals	– tons milled	1,175,794	645,590
	– average daily tons	3,257	1,783
Gold	– troy oz.	43,964	23,000
Silver	– troy oz.	966,266	707,000
Copper	– thousand lb.	45,492	17,088
Zinc	– thousand lb.	96,238	54,165
Lead	– thousand lb.	770	2,648
Gross Reserves*			
Crude Oil	– bbls		
	– proven	27,125,000	21,076,000
	– probable	50,740,000	79,157,000
	– total	77,865,000	100,233,000
Natural Gas	– mmcf		
	– proven	588,332	530,339
	– probable	75,539	100,335
	– total	663,871	630,674
Minerals	– tons (Myra Falls operations)		
	– proven and probable	12,698,000	13,171,000
	– possible	2,601,000	3,265,000
	– total	15,298,000	16,436,000
Land Holdings			
Gross acres		8,571,000	8,278,000
Net acres		2,145,000	2,710,000

Revenue
(Millions of dollars)



* Figures reflect Sundance oil and gas operations for last three quarters of 1985 and the 1985 start-up period for the H-W mine/mill complex.

To The Shareholders

While this was an extremely difficult year from a financial point of view, it was also one of substantial achievements in operations and development. Production of oil, natural gas and minerals was at record levels in 1986 but severely depressed crude oil prices, coupled with weakness in natural gas markets, had a detrimental effect on earnings. Fortunately, crude oil and gold prices recovered significantly towards the end of the year and into 1987.

Oil production was up 26 per cent to an average of 8,096 barrels per day; natural gas sales increased about three per cent to 59 million cubic feet per day and in the Mining Division, actual mill throughput expanded 85 per cent to 3,257 tons per day. However, during the same period, oil prices dropped below $10 per barrel before averaging out at $14.06 for the year . . . 55 per cent less than 1985 levels and gas prices were off almost 17 per cent to $2.29 per mcf. Silver declined 11 percent to US $5.47 per ounce; zinc eight per cent to 36 cents (US) a pound and copper about three per cent to 62 cents (US) per pound.

The cumulative effect was net earnings of $8,648,000 on revenues of $189,563,000 versus $30,452,000 and $169,783,000 respectively in 1985. Cash flow amounted to $52,125,000 versus $80,007,000 the previous year.

After provision for dividends on the preferred shares, there was a loss of 21 cents per common share, compared with earnings of 40 cents in 1985.

As of the year-end, current assets stood at $196,358,000 including $153,923,000 in cash and short-term investments. Current liabilities totalled $79,352,000 including the $55,000,000 current portion of long term debt.

With completion of the Sundance oil and gas purchase and the H-W mine/mill expansion in 1985, capital expenditures on exploration, acquisitions and development decreased to $36,865,000 from $288,968,000 the previous year. With these facilities now in place, any improvement in product prices will be readily reflected in exponential increases in the bottom line.

On April 30, 1986, Westmin realized $35,850,000 by way of a private placement of preferred shares tied to the sale of $9,000,000 in tax credits that would not otherwise have been utilized.

On October 31, 1986, the Company received $35,000,000 in a sale-leaseback arrangement on specified petroleum processing facilities.

In February 1987, the Company sold its shareholdings in Lacana Mining Corporation for cash proceeds of $34,661,000. This was in line with previously stated intentions and resulted from the Company's increased exposure to precious metals due to the H-W mine/mill expansion and to recent positive exploration results.

Petroleum Division

Although crude oil production was at record levels for the tenth time in as many years, sharply lower prices had a marked effect on operating profits.

While the average price per barrel dropped 55 per cent to just over $14, the price of heavy oil slumped to under $8 per barrel for the month of April. This led to a review of operations and subsequent rationalization involving staff reductions, extension in hours of work and the 'shutting in' of marginal production.

As prices recovered to the new OPEC benchmark of US$18 or approximately CDN$24, the Company remained in its austerity mode, thereby enhancing profit margins. It remains to be seen, however, if the new price structures will hold throughout the year.

The Petroleum Division is maintaining its policy of cash conservation ... deferring investment in lower priority programs. Westmin is also disposing of some of its smaller, high cost, limited potential properties.

Meanwhile, the Wintering Hills and Hoadley area properties, acquired in the 1985 Sundance transaction, are exceeding expectations in terms of production and reserves. Exploration efforts in the Progress/Spirit River area of Alberta have resulted in over a dozen light gravity oilwells coming on stream. Development qualifies for the new five-year royalty-free status and further drilling is planned.

Mining Division

This was the first full year of operation of the new H-W mine/mill complex. Production averaged 3.257 tons per day, well in excess of the new mill's 3,000 tons per day rated capacity.

Still, this cannot be considered a 'normal' year. While pockets of higher than mine-grade ore were encountered, a considerable amount of lower grade material had to be handled to develop new mining areas. The mill, like any new highly-complex installation, had to go through a period of fine-tuning to optimize throughput and recoveries.

While mining involves a continuing process of adjustment to ever-changing grades, ground conditions and economics, progress to date has encouraged management to recommend a further expansion to 4,400 tons per day. Estimates show that a 33 per cent increase in production can be aohieved with a relatively modest incremental investment in existing mine and mill facilities.

A major diamond drill program on the Silbak Premier/Big Missouri precious metal properties near Stewart, B.C. has resulted in a most significant increase in reserve grades and tonnage. A feasibility study is now under way, with a final production decision expected by mid-year.

Westmin has entered into agreements with various partners to perform in excess of $10 million in exploration on the Company's properties. Initial diamond drilling has indicated gold showings on the Debbie property on Vancouver Island; the Little Stull and Utik in northern Manitoba; Sunday Lake in the Detour area of northeastern Ontario and at Eastmain in the James Bay area of Quebec.

Royalty revenues from Westmin's coal and industrial mineral leases rose again to $7.7 million.

People

The Presidents of the Petroleum and Mining Divisions, along with the Executive Vice-President, Finance and Administration, served with Westmin's President and Chief Executive Officer as the "Office of the President", dealing with the myriad challenges encountered during this difficult period. They continued to assume many of the President's responsibilities while he served on loan as President of the Canada Development Investment Corporation.

The Board of Directors would like to express its sincere appreciation to all Westmin employees for their dedication in trying times. This is especially applicable to departments which absorbed staff cuts and readily accepted extended hours of work to maintain financial viability during the worst of the commodity price slump.

Outlook

The proposed expansion of mine capacity to 4,400 tons per day from the current production rate of 3,300 tons will further reduce per unit costs and significantly improve cash flow with relatively modest incremental investment.

Similarly, heavy oil output can readily be increased with successful steam stimulation of selected wells, which have already been cased to handle the necessary pressures and temperatures. It is also anticipated that natural gas markets will recover sooner than previously forecast.

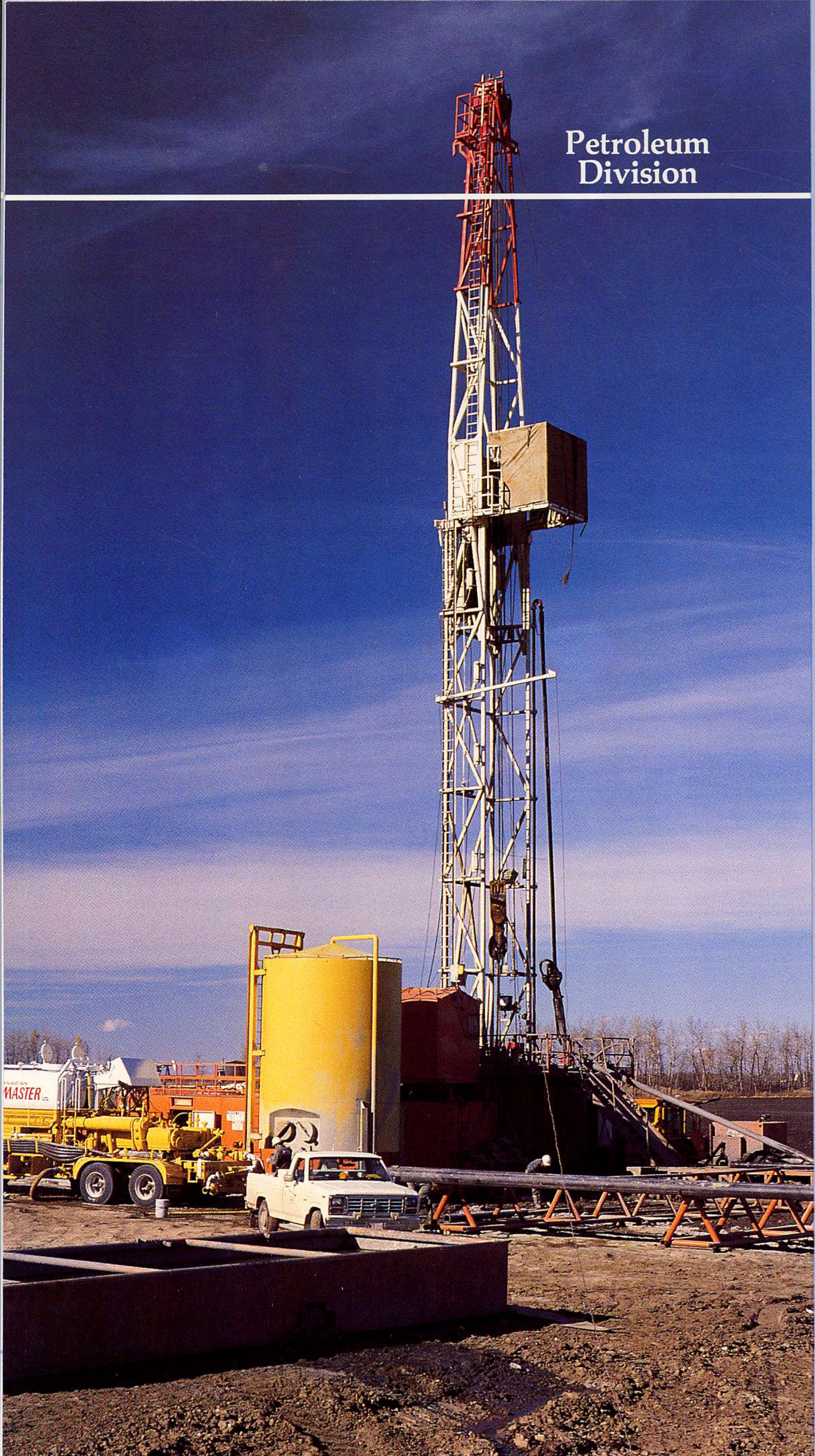
Commodity prices are crucial to the extent of Westmin's success in 1987 and beyond. We now have expanded facilities in place in both the Petroleum and Mining Divisions. They are cost efficient and profit oriented enabling Westmin to produce hydrocarbons and metals more economically than most of its Canadian competitors. This places the Company in a position to realize, to the maximum, on any increases in world prices for our products.

On behalf of the Directors

Paul M. Marshall
President & Chief Executive Officer

February 24, 1987

Petroleum Division



For the tenth time in as many years, production of crude oil and natural gas liquids was at record levels. Unfortunately, the 26 per cent increase, to an average of 8,096 barrels per day, plus a three per cent increase in gas sales to 59 million cubic feet per day, was insufficient to compensate for the effects of the steep slide in crude prices during the first half of the year. Deregulation of natural gas prices on November 1, 1986 also caused a great deal of dislocation, confusion and keen competition in the marketplace.

Petroleum Division revenues declined 30 per cent to \$93,838,000 from \$134,344,000 in 1985. Revenue from sales of crude oil and natural gas liquids was down \$32.6 million or 44 per cent from 1985, while sales of natural gas were off \$8.3 million or 14 per cent from 1985.

Average conventional wellhead prices were off 43 per cent to \$18.26 per barrel in 1986 from \$32.05 per barrel in 1985, while average heavy oil wellhead prices declined even more significantly to \$11.64 per barrel in 1986 from \$31.01 per barrel in 1985, a decline of 62 per cent. The average wellhead price for gas was down 17 per cent to \$2.29 per mcf from \$2.75 per mcf.

Cash flow from oil and gas operations, before allocation of interest expense, decreased \$39.6 million or 46 per cent to \$45.9 million from \$85.5 million in 1985. Operating profit, before allocation of interest expense, amounted to \$19.7 million, down 69 per cent from \$62.7 million in 1985.

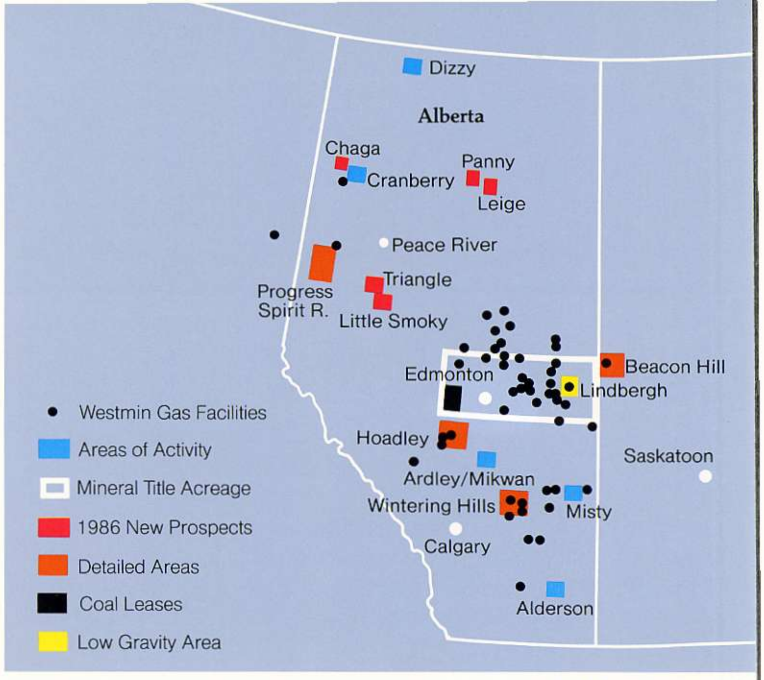
Soon after product prices began their sharp decline, Westmin established a cost-cutting, efficiency review committee to evaluate all aspects of Petroleum Division operations. Their recommendations resulted in staff reductions, extended hours of work and a wide variety of other cost control measures.

Although exploration and development budgets have been tightened, the Petroleum Division is mobilized for continued growth. Its well established production base includes the general Lindbergh area and increasing output from the Wintering Hills and Hoadley areas, which were part of the Sundance acquisition 1985. Other major oil and condensate producing areas include Chinchaga and Wayne-Rosedale plus the new Progress-Spirit River exploration/development area . . . all in Alberta.

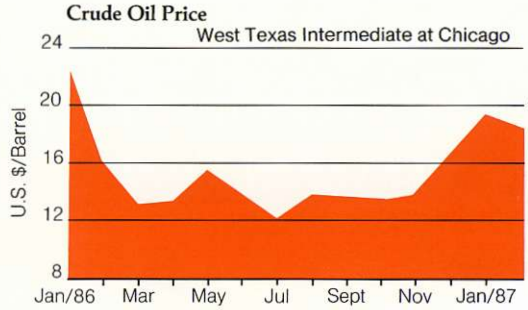
Natural gas sales were generated from Westmin's Alberta acreage at Hairy Hill, Chinchaga, Myrnam, Beauvallon and Athabasca, along with the 'Sundance' properties. In Saskatchewan, Beacon Hill remains the major source of natural gas sales.

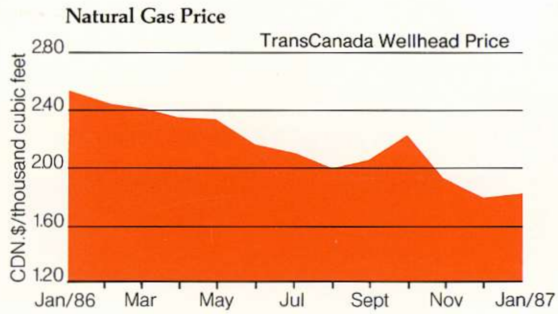
The Petroleum Division is now well positioned for any contingency and it appears the worst is over. Markets for natural gas will sort themselves out sooner rather than later, leading to a resumption of the uptrend in market demand and prices.

Obviously, OPEC is the key to future crude prices. Conventional wisdom indicates that average prices for the year should at least equal current levels. The extremely low prices of 1986 proved too damaging not only to OPEC but to western banks and governments as well.



Western Canada Activity





Production and Income*

	Year Ended December 31		
	1986	1985	1984
Crude oil and natural gas liquids			
Per year bbls	**2,955,100**	2,354,250	1,633,100
Daily average bbls	**8,096**	6,450	4,462
Natural gas			
Per year mmcf	**21,520**	20,944	16,285
Daily average mmcf	**59**	57	44
Gross Revenue ($000's)			
Natural gas	**$49,250**	$ 57,528	$46,101
Crude Oil & Gas Liquids	**41,556**	74,141	51,635
Other	**3,032**	2,675	2,535
Total	**$93,838**	$134,344	$100,271

*Includes royalty production and income accruing to Westmin but before deducting royalty interests accruing to other parties.

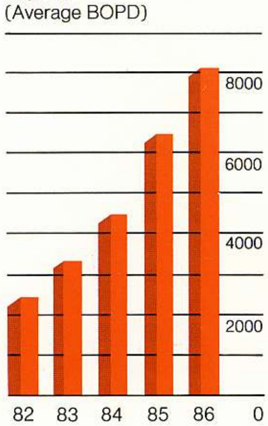
Drilling Activity — 1986

Working Interest	Gas	Oil	Dry	Gross	Net
Exploratory	1	15	6	22	12
Development	12	49	3	64	51
Total	13	64	9	86	63
Royalty Interest (1)	8	4	7	19	*

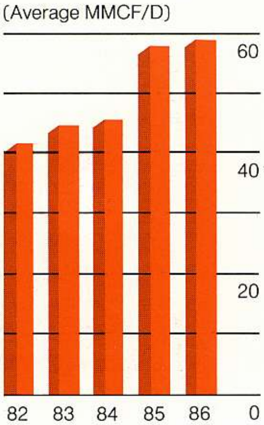
(1) "Royalty interest wells" are wells drilled at no cost to Westmin on properties in which Westmin's only interest is a retained royalty interest.

* Variable, depending on contractual arrangements.

Production
Crude Oil and Natural Gas Liquids
(Average BOPD)



Natural Gas
(Average MMCF/D)



Lindbergh

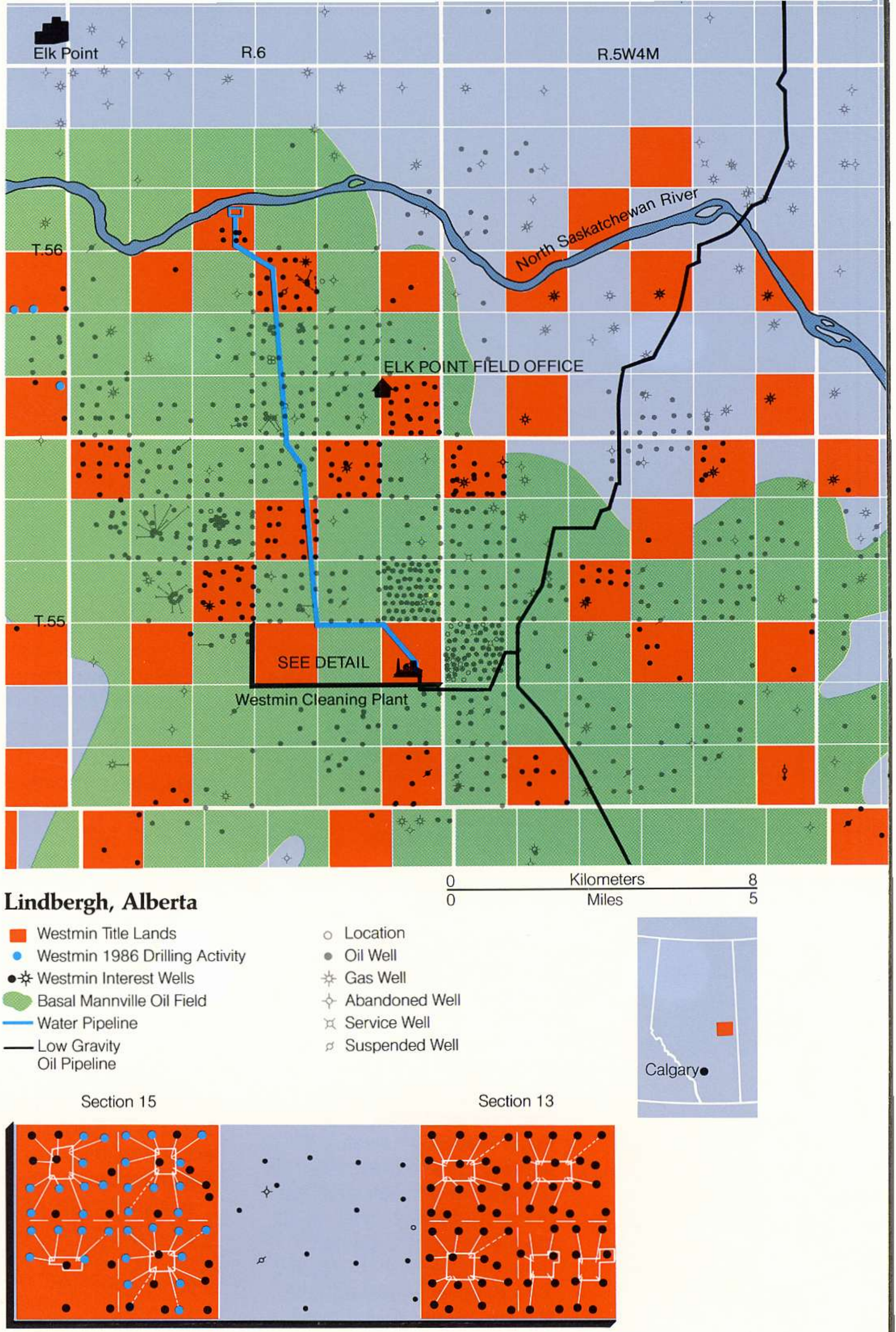
Westmin's Lindbergh area production climbed almost 50 per cent to a record 5,138 barrels per day to account for approximately two-thirds of the Company's total output for the year.

The crude oil free fall of 1986 saw prices for this heavier grade production slump below $8 a barrel in April . . . before recovering to the mid-teens by year end and into 1987.

Management reacted with general corporate cutbacks, including postponement of all non-essential capital expenditures. Operations were streamlined and about 130 uneconomic or marginally economic wells were shut in. This quick action enabled the Company to optimize production and maintain cash flow even at the bottom of the price cycle.

The early part of the year saw completion of various projects initiated during 1985. These include doubling the capacities of the oil cleaning plant to 6,000 barrels per day and of the eight-inch, eight-mile fresh water pipeline from the North Saskatchewan River to 34,000 barrels per day. The latter has been a profitable supplier of water to various area thermal operations, in addition to supplying Westmin's own needs.

Another project that was finalized early in the year was the drilling of 37 development wells to complete the 72-well infill drilling program on sections 13 and 15-55-6-W4M initiated during the final quarter of 1985. All of the



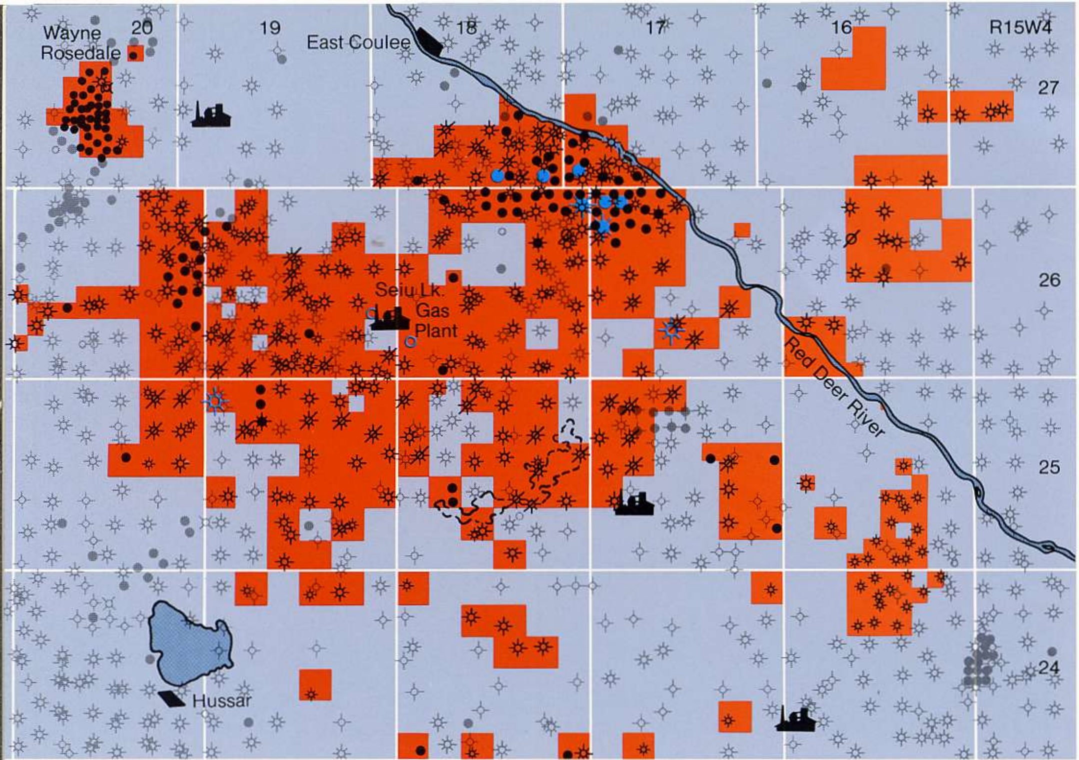
wells were drilled directionally from central pads, using one pad to drill 12 wells per quarter section. This project was timed to qualify for Petroleum Incentive Program (PIP) payments which expired on March 31, 1986.

Although these new wells were capable of producing approximately 2,500 bopd, Westmin curtailed output to about 1,600 bopd to avoid selling large volumes at severely depressed prices. Despite cutbacks, the Company has increased its producing well count in the Lindbergh area to approximately 350. As prices strengthen, Westmin will be in an excellent position to readily increase production from existing wells.

Further immediate increases are possible from the many wells already cased for steam injection. Typically, primary production can recover three-to-six per cent of the oil-in-place. However, Westmin has continued to develop experience in tertiary oil recovery techniques, based on steam injection which can increase recoveries to 15-30 per cent or more. The two processes being developed by Westmin are steam stimulation and steamflood.

Steam stimulation or "huff and puff" consists of injecting steam (huff) . . . allowing the steam to spread into formation to thin the oil during a brief "cook" period and producing (puff) the hot oil back through the same well. Steam flooding, on the other hand, means that steam is injected into central wells to thin the oil and push it to adjacent production wells.

Westmin began experimenting with tertiary recovery via steam stimulation in 1982 and currently has several pilot projects on stream. During 1986, a nine-well steam flood pilot was initiated on the northwest quarter of section 13. This brings the total number of experimental wells to 35. Management is confident that the expertise garnered from these already-productive programs will



Wintering Hills — Alberta

0 Kilometers 10
0 Miles 6

- Westmin Interest Lands
- Westmin 1986 Drilling Activity
- Westmin Working Interest
- Westmin Royalty Interest
- Gas Plants
- Location
- Oil Well
- Gas Well
- Abandoned
- Service Well

greatly enhance Westmin's heavy oil potential.

With 34 of a total of 75 Westmin sections (square miles) in the general Lindbergh area overlaying an estimated 1.4 billion barrels of oil-in-place, the Company remains in an excellent position to continue developing this major resource for years to come. Furthermore, this is mineral title acreage which is not subject to royalty or rental payments to the Crown or other third parties . . . except for a nominal annual mineral tax. This means that virtually all of any improvement in prices will flow back to the Company.

Sundance Properties

This was Westmin's first full year as operator of the major Sundance properties, namely Wintering Hills and Hoadley, acquired from SOQUIP on March 29, 1985.

Production from these areas continues to grow and its contribution to Westmin's revenues is becoming increasingly significant.

Daily average natural gas production increased about 30 per cent to 18 million cubic feet or 30 per cent of total Westmin sales.

Crude oil output was up by 100 barrels per day to 1,071 bopd, representing 12 per cent of total production.

Wintering Hills

During 1986, Westmin, as operator, continued an ongoing program to more fully exploit the significant additional production capability of this multizone gas and oil-prone property.

Nine development wells were drilled during the year resulting in six oilwells and three gaswells (on lands dedicated to the TransCanada Pipelines area gas contract). Westmin has a 50 per cent working interest in eight of the wells, and a 25 per cent interest in the other.

During 1986, the Company acquired a 50 per cent interest in an attractive five-section block previously held by a competitor. Up to five wells will be drilled on these gas-prone lands in 1987, with an initial two-well program slated to commence in March.

The acreage is adjacent to the Westmin-operated Seiu Lake Gas Plant and is in close proximity to the existing gas-gathering system.

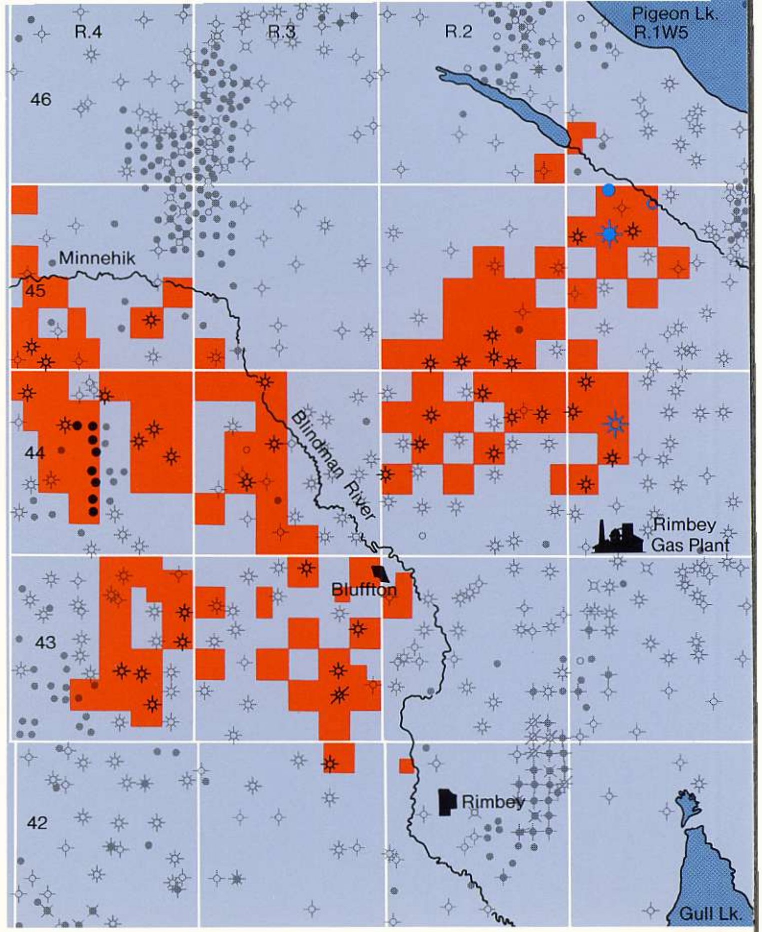
Hoadley

Activity in 1986 included the drilling of three development wells (two potential oilwells, one gaswell) as well as production evaluation of earlier wells drilled by Westmin since acquisition.

One gas completion of particular significance resulted in confirmed gas flow capability of 10 million cubic feet per day and 500 barrels per day of associated natural gas liquids from a thick Glauconitic Sand.

Westmin has a 37½ per cent interest in this well, which will be tied-in and placed on production in early 1987. The company's interest in existing wells and prospective undeveloped acreage averages approximately 25 per cent.

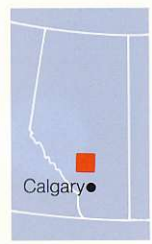
At least one high working-interest (50 per cent) gas



Hoadley Area — Alberta

0 Kilometers 10
0 Miles 6

Westmin Interest Lands
Westmin 1986 Drilling Activity
Westmin Interest Wells
Location
Oil Well
Gas Well
Abandoned
Service Well



prospect will be drilled in 1987. The Company is also monitoring an evolving shallow-horizon oil prospect, currently being pursued by industry on lands adjacent to existing Westmin holdings.

Petroleum Exploration

As 1986 began, most explorers in the energy sector stood poised to continue with aggressive geological, geophysical, drilling and land acquisition programs, building on momentum established in the 1983-1985 period of attractive and stable product prices combined with encouraging drilling results.

In fact, activity levels were approaching record levels in the first quarter of last year when the OPEC-triggered plunge in world oil prices virtually paralyzed the exploration industry within a 45-day period.

Westmin was no exception. As last year's annual report went to press the Company anticipated continuation of established exploration programs in a number of regionally attractive prospect areas where earlier successes had been achieved.

As it became apparent that the 50-60 per cent drop in oil prices was not a short-term phenomenon and that deregulation would inevitably lead to a significant reduction in natural gas prices, an increasing number of previously-viable exploration and development projects were rendered uneconomic.

Only those prospects combining the most favourable elements of lower finding cost, higher reserve threshold, broader development potential and near-term marketability, qualified for further pursuit.

Despite increased difficulty in clearing economic hurdles, Westmin is fortunate to hold positions in a selection of prospects which meet the criteria for further development. Although further activity has been deferred in certain areas, the Company successfully pursued a number of exploratory prospects in 1986, which have led to follow-up land acquisition, seismic programs and drilling.

An inventory of technically-sound prospects is also being established for follow-up in future years, when currently marginal economics will be enhanced by anticipated improvement in depressed oil and natural gas prices.

Western Canada

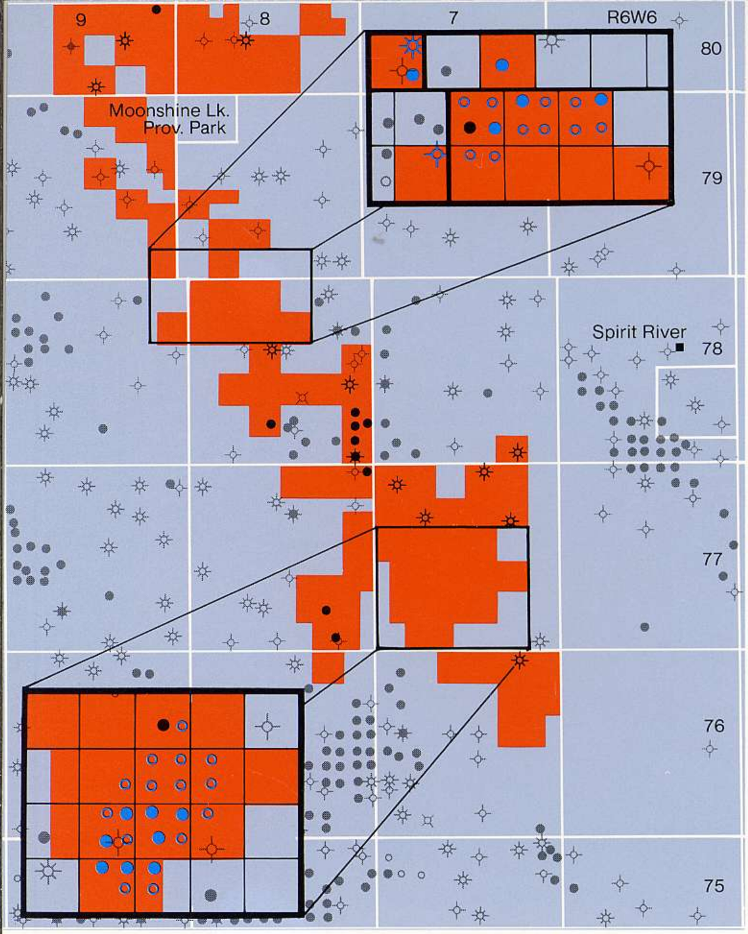
The first quarter of 1986 saw the Company undertake an active drilling program, combining multiwell, cash-flow oriented exploitation projects along with certain attractive exploratory ventures. In addition to several development programs (including 37 oilwells at Lindbergh and 9 new well completions for gas and oil at Wintering Hills), exploratory drilling encountered encouraging results in four distinct prospect areas. One of these (Spirit River) is potentially the Company's most significant conventional, light oil discovery of the decade.

Alberta

At Spirit River, on the Peace River Arch of northwestern Alberta, Westmin has discovered a second extensive conventional oil reservoir in the Doe Creek Sand formation. Keying off a similar discovery by Westmin and partners in late-1985, geological interpretation led to the pursuit of a new prospect located 12 miles south-east of the 1985 Progress area discovery.

The Spirit River discovery well drilled by Westmin encountered a highly productive, oil-bearing reservoir sand and enabled the Company to earn a 60 per cent interest in prospective lands. Encouraging production results led to a seven-well delineation program in late-1986.

All of the wells qualified for exploratory drilling incentives



Progress — Spirit River

0 Kilometers 10
0 Miles 6

Westmin Interest Lands
Westmin 1986 Oil Wells
Westmin Interest Wells
Westmin 1987 Proposed Locations
Location
Oil Well
Gas Well
Abandoned
Service Well

(five year royalty-free status) and are now producing high quality crude. Recent acquisitions at Crown Land Sales, in combination with earlier holdings, leave the Company with interests ranging from $33\frac{1}{3}$ per cent to 60 per cent in 9,300 acres (4,200 net) covering the project area. A multiwell development program is slated to commence this summer, with all new wells qualifying for the five-year royalty-free period.

At **Progress**, to the northwest of the Spirit River discovery, similar delineation drilling success was achieved during 1986. The drilling of six outpost wells resulted in four oilwells, one gaswell and one dry hole. An additional well was drilled in early 1987, resulting in a significant extension of the reservoir. This well is now on production, with at least four development wells scheduled for drilling after spring break-up. Westmin has interests averaging 30 per cent in 5,800 acres of proven and prospective acreage in the area.

A significant aspect of the Spirit River and Progress projects is the oil reservoir's amenability to waterflood; with secondary recovery potentially tripling recoverable reserves. Studies to determine waterflood feasibility and timing commenced in late 1986.

At **Monitor/Misty** in South-Central Alberta, exploratory drilling on Westmin's extensive holdings (20,000 acres) resulted in a significant gas discovery which flowed at rates of 4.6 million cubic feet of gas per day on test. A second exploratory well was drilled and abandoned after encountering a non-porous objective horizon.

The Company now has interests ranging from 50 to 100 per cent in seven high deliverability gaswells on this prospect. A number of seismically defined drilling targets remain to be evaluated, with at least one exploratory well planned for 1987. Westmin plans to construct a gas plant and gathering system in the area; once the required reserve threshold has been met.

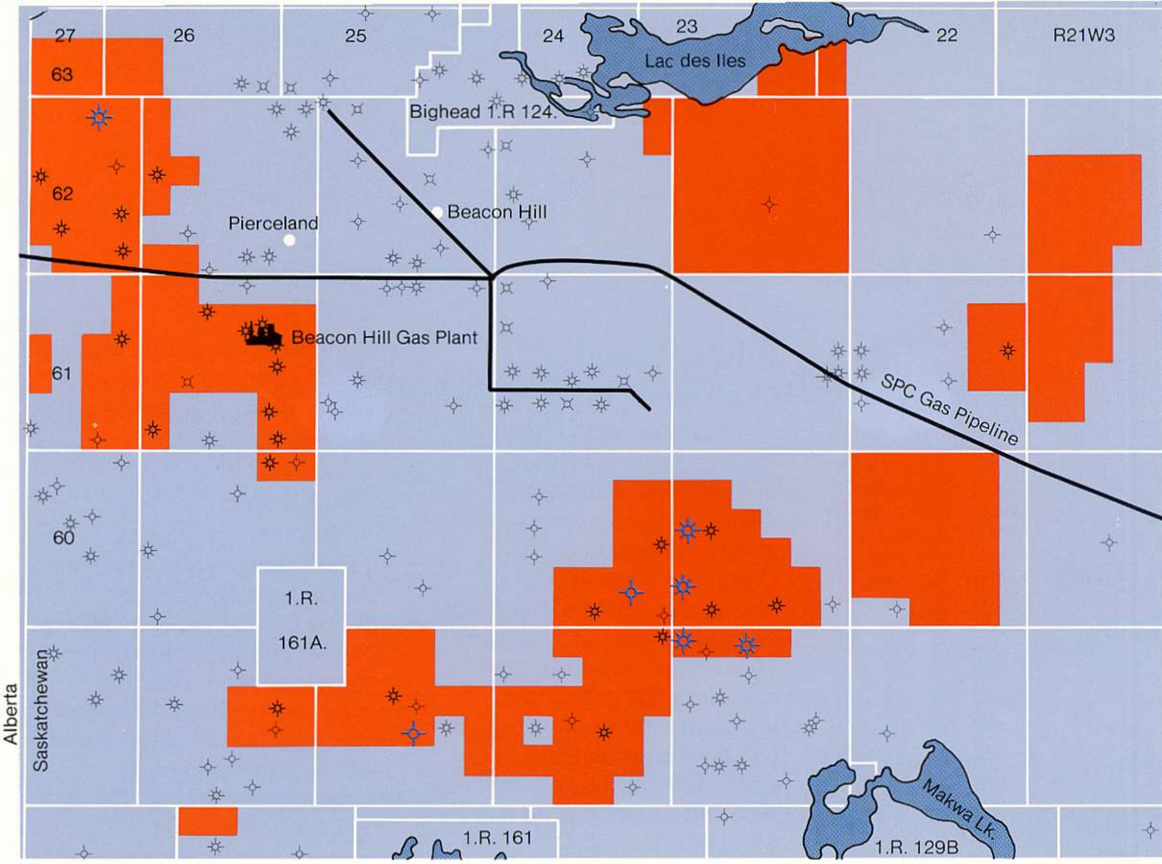
At **Dizzy Creek**, in northern Alberta, drilling of an exploratory wildcat led to the casing of a potential oilwell. Production evaluation of this confidential well is not yet complete. However, results to date will, in all likelihood, lead to the drilling of a follow-up well on Westmin's 14,000 acre block in the prospect area. Westmin paid $33\frac{1}{3}$ per cent of drilling costs of the discovery well and retained a $66\frac{2}{3}$ per cent interest (after payout) on a partial farmout basis.

Exploratory drilling at **Mikwan** and **Alderson** resulted in potential oilwells being cased for further evaluation. Both wells recovered free-oil on drill stem test. Follow-up drilling plans will be dependent on production testing yet to be performed.

During 1986, Westmin acquired a high working-interest position in large, regionally prospective acreage blocks in five new play areas. Modest bids (averaging $9/ acre) were successful in acquiring a 100 per cent interest in lands totalling 17,000 acres at **Little Smokey, Chaga, Triangle, Panny** and **Leige.**

Saskatchewan

With the exception of one project area, Westmin suspended virtually all exploration and development activity in Saskatchewan in 1986. Anticipated follow-up drilling activity on prospects at **Radville, Hume, Maryfield** and **Neptune** has been deferred indefinitely as a result of the deterioration in project economics related to oil price, operating costs and royalty regime. No bids were submitted at Saskatchewan Crown Land Sales during the year.



Beacon Hill — Saskatchewan

Westmin Interest Lands
Westmin 1986 Drilling
Westmin Interest Wells

Location
Oil Well
Gas Well
Abandoned
Service Well

0 Kilometers 10
0 Miles 6

One particular Saskatchewan prospect, however, remains highly attractive to the Company. The **Beacon Hill** gas project, which achieved first production of 8 mmcf/d through Westmin's new plant in 1984, continues to be the focus of the Company's Saskatchewan activity. The drilling of six seismically-defined locations in 1986 resulted in four successful gaswells. A high deliverability exploratory gaswell was drilled on an undrilled permit to the north of the producing contract area in early 1987, increasing the number of Westmin-interest gaswells in the project area to 30. Discussions regarding the potential for additional gas sales from this prolific gas-prone area are continuing.

Canada Lands

Beaufort Sea

Although Westmin does not anticipate 1987 expenditures on Frontier acreage, the Company will continue to follow Gulf's ongoing development program at the prolific Amauligak project area. Gulf has now drilled four wells, with plans for two additional appraisal wells. Of significance to Westmin is the project's proximity to Westmin-interest lands three miles to the west with possible extension of the oil reservoir beneath these lands.

Lancaster Sound

In late 1986 shareholders of Magnorth Petroleum Ltd. (Westmin 12.28 per cent) completed the sale of shares to Oakwood Petroleum for a consideration of $2.66 million ($372,000 net to Westmin).

The sale was a settlement of a dispute concerning the distribution of funds held in trust for future exploration expenditures on permits held by Oakwood, Consolidex and Magnorth in the Canadian Arctic. An additional facet of the settlement saw certain Magnorth shareholders re-acquire an interest in the 2.3 million acre Lancaster Sound Exploration Agreement for a nominal fee. In Westmin's case, an 11.23 per cent working-interest was acquired for the sum of $4,500. This acreage block is held in the form of an eight-year exploration agreement expiring in 1994 and has no expenditure requirements. The block contains one of the largest undrilled seismically-defined structures in the Canadian Arctic.

Eagle Plains — Yukon

During 1986, significant acreage relinquishments reduced the Company's acreage holdings by approximately 50 per cent, to 658,000 acres (474,000 net) at year-end. Westmin continues to hold lands in one of two Exploration Agreement areas and retains, indefinitely, an interest in Significant Discovery Areas at **Blackie, Chance** and **Birch.** These SDA's contain net proven and probable reserves of 1.5 million barrels of oil and 95 billion cubic feet of gas in close proximity to the Dempster Highway and the proposed extension of the MacKenzie Valley pipeline.

International

California

Activity in the Sacramento Delta gas prospect area during 1986 included the drilling of two exploratory tests at no cost to the Company. Wells at Dell Aringa and Bouldin Island were drilled to depths of 7,000 and 10,000 feet respectively, and abandoned after failing to encounter commercial hydrocarbon accumulations. In an earlier transaction, Westmin received a cash payment of $610,000 from another company seeking to acquire an interest in the project. The stipulation was that Westmin pay 65 per cent of drilling costs in the two wells ($450,000). The Company retains a 32½ per cent interest in the project. Future geophysical and drilling proposals are being scrutinized. The project, which is of a high-risk, high-reward nature, is strategically located in an area of high gas demand and near-term marketability.

Abu Dhabi

Westmin continues to hold a 13 per cent interest in the one million acre Abu Dhabi concession. Activity in 1986 involved modest seismic reprocessing expenditures and costs relating to concession maintenance. One additional well is required to meet drilling footage commitments. A drillable prospect has been defined. Also under consideration, is a possible farmout to a major oil company which has expressed a desire to acquire an interest in this highly prospective area.

Land

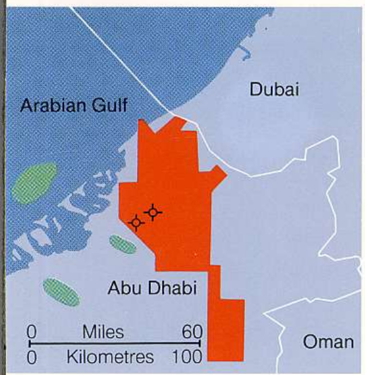
As part of the retrenchment brought about by the slide in crude oil prices, expenditures on land acquisitions were limited during 1986.

Expenditures totalled a modest $681,000 to acquire 35,000 gross acres with varying interests averaging 80 per cent, for a net of approximately 28,000 acres.

Westmin's land efforts included further evaluation of the 450,000 acres acquired in the 1985 Sundance deal.

During the year, the Company's 12.28 per cent equity interest in Magnorth Petroleum Ltd. was converted to a 11.23 per cent interest in Magnorth's 2.3 million acre Lancaster Sound Exploration Agreement (see Petroleum Exploration).

With Arctic and/or offshore development uncertain and expensive, the Company has chosen to de-emphasize its acreage holdings in these areas.



Abu Dhabi

Oil Field
Abandoned Well

Land Holdings (in Acres) (as of December 31, 1986)

	Leases and Mineral Title		Licences, Permits Reservations Concessions and Exploration Agreements		Total	
	Gross	Net	Gross	Net	Gross (1)	Net (2)
Alberta	2,265,003	871,148	97,420	78,080	2,362,423	949,228
British Columbia	277,403	27,546	16,831	7,534	294,234	35,080
Saskatchewan	223,656	128,708	182,859	90,045	406,515	218,753
Manitoba	12,285	6,382	—	—	12,285	6,382
Yukon Territory	—	—	658,920	473,792	658,920	473,792
Arctic Islands & Offshore	—	—	2,563,424	263,502	2,563,424	263,502
Beaufort Sea	—	—	1,275,565	62,475	1,275,565	62,475
Labrador Offshore	—	—	7,250	1,182	7,250	1,182
United States	25,989	8,739	—	—	25,989	8,739
Abu Dhabi	—	—	964,500	125,385	964,500	125,385
Total:						
December 31, 1986	**2,804,336**	**1,042,523**	**5,766,769**	**1,101,995**	**8,571,105**	**2,144,518**
December 31, 1985	3,035,258	1,166,334	5,242,643	1,543,629	8,277,901	2,709,960

(1) "Gross acres" include working interest, mineral title, carried interest and overriding royalty lands.

(2) "Net acres" refers to the total acres in each parcel in which Westmin has a working interest multiplied by the percentage working interest owned therein by Westmin. Net acres also include Westmin's retained working interest in mineral title lands. Carried interests and royalty interests are not reflected in net acres.

Almost all of the licences purchased in 1982 reached expiry in 1986 but a significant portion of this acreage has been converted to lease through completion of drilling commitments.

Certain acreage was relinquished through normal expiries and prudent, selective surrenders.

Westmin has expanded its position in existing prospects ... mostly in Alberta.

The Company continued its policy of farming out certain lands where economics preclude further expenditures. Meanwhile, Westmin intends to be competitive and ready to take positions in promising new prospects.

Reserves

Successful exploration and development activity during the year shifted a significant portion of total reserves into the more tangible proven category, which saw an increase of 28 per cent to 27.1 million barrels from 21.1 million.

The Company's proven and probable total amounted to 77.9 million barrels versus just over 100 million barrels a year earlier.

By definition, probable reserves are those which may not be produced for some time to come. According to generally accepted industry standards, their value is a function of current prices, discounted into the future.

While prices, as of the 1986 year-end, had an adverse effect, even a modest increase will return millions of barrels to Westmin's extensive Lindbergh area primary and tertiary reserves.

A major portion of Westmin's natural gas reserves is in the proven category, rising 11 per cent to 588.3 billion cubic feet from 530.3 bcf at the beginning of 1986. Proven and probable reserves rose approximately five per cent to 664 bcf from 631 bcf.

Approximately 41 per cent of Westmin's gas reserves are proven and producing, while 28 per cent are dedicated to gas sales contracts but shut-in. The remaining 31 per cent are shut-in and undedicated.

At the end of 1986 Westmin had a working interest in 1,760 gross wells (995 net) with royalty interests in another 1,085. Shut-in gas wells accounted for the major portion of the 573 (283 net) wells which were capped or suspended. Westmin was operator of 1,394 (914 net) of the working interest wells.

The present value of Westmin reserves, on a before-tax, 15 per cent discount basis, rose about 16 per cent to $578.7 million from just over $500 million a year earlier, according to calculations audited by D & S Petroleum Consulting Group Limited.

Proven Reserves

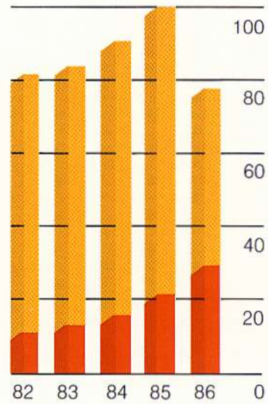
The following table shows the status of Westmin's proven reserves from January 1, 1986 to January 1, 1987.

	Crude Oil and Natural Gas Liquids	Sales Gas
	Barrels (Millions)	Cubic Feet (Billions)
Reserves Status		
• January 1, 1986	21.1	530.3
• Additions – 1986	9.0	79.5
• Sales – 1986	3.0	21.5
Reserves Status		
• January 1, 1987	27.1	588.3

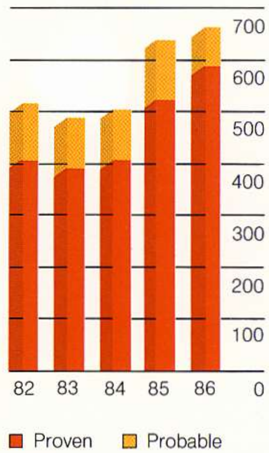
Proven & Probable Reserves

	Crude Oil and Natural Gas Liquids	Sales Gas
	Barrels (Millions)	Cubic Feet (Billions)
1986	**77.9**	**664**
1985	100.2	631
1984	90.1	496
1983	83.9	492
1982	82.6	522
1981	74.5	501
1980	11.7	439
1979	11.7	384
1978	5.9	328
1977	4.1	325

Reserves
Crude Oil and Natural Gas Liquids (MMBBLS)



Natural Gas (BCF)



Mining Division

Additional Myra Falls Expansion

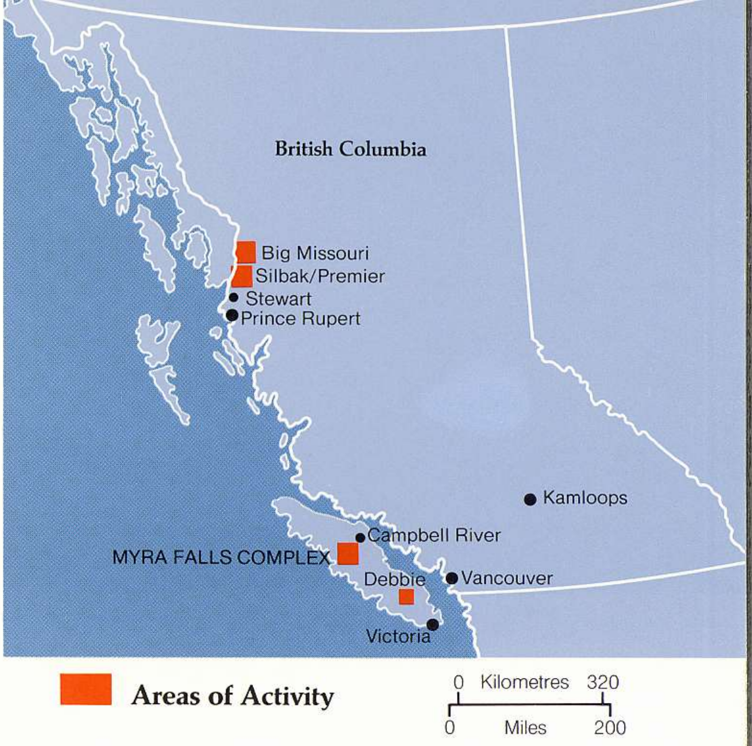
Westmin proposes to further increase the capacity of the H-W mine/mill complex (subject to appropriate regulatory approvals) by a third to 4,400 tons (4,000 tonnes) per day.

The three-fold expansion, which was officially opened September 19, 1985, had sufficient built-in infrastructure to facilitate the latest increase with a minimum incremental investment in mining and milling facilities.

Total cost is estimated at approximately $24 million, with approximately $7 million going toward underground development and $15 million to be spent on underground equipment, modifications to the mill and auxiliary systems.

It is estimated that the resulting economies of scale will pay back the net expansion cost in less than one year.

Reserves at Myra Falls are sufficient to carry the operation well into the next century. Furthermore, the main orebody is still open in several directions and the extensive property has yet to be fully explored.



Myra Falls Operations

This was the first full fiscal year of operation for the new H-W mine/mill complex, following the official opening ceremonies on September 19, 1985. Financial results of the H-W mine for 1985 were capitalized, since this was a start-up period.

The mill eventually surpassed its daily rated capacity of 3,000 tons (2,700 tonnes) and readily adapted to treatment of complex new ores. Over the year, the concentrator processed a total of 1,175,794 tons (1,066,664 tonnes) for a daily average of 3,257 tons (2,955).

As with any new, highly-sophisticated facility, numerous modifications and adjustments were made to various systems during the year. These enhanced mechanical efficiencies and improved concentrate quality and the overall milling operation.

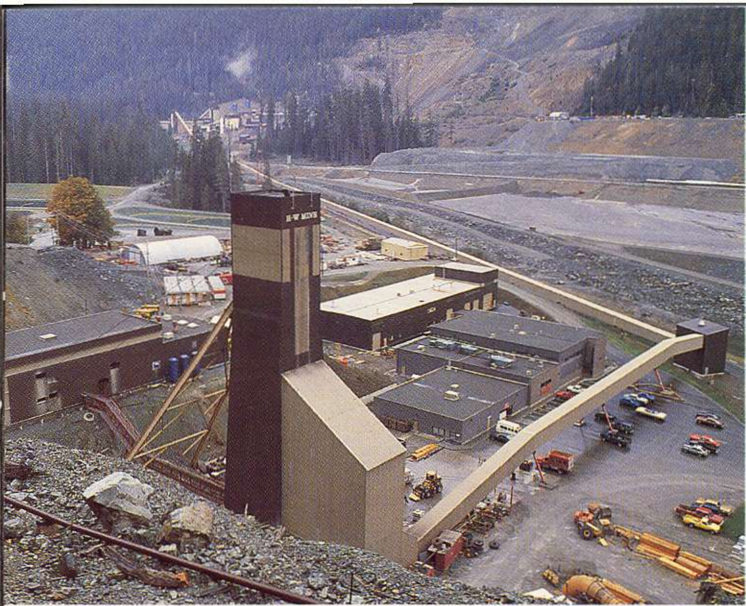
The value of concentrate produced totalled a record $78,738,000 despite lower than expected metal prices. The per unit cost of production averaged $44.04 per ton ($48.55 per tonne) well within the planned cost range for the expanded operation.

H-W Mine Operations

The H-W mine produced 919,492 tons (834,150 tonnes) of ore during 1986. Stope preparation has been concentrated toward development of the longhole mining blocks in the central portion of the orebody adjacent to the current production area. Longhole mining is ideally suited to extracting thick sections of relatively uniform grade in an orebody. It involves drilling patterns of "long" holes which are systematically blasted to create large volumes of broken ore.

With diamond drilling underway in the north flank lenses, efforts are being directed toward development of these zinc-rich mining blocks in 1987. In the

Production	1986			1985		
Ore Milled — tons (tonnes)	1,175,794		(1,066,664)	645,590		(585,670)
Daily Average — tons (tonnes)	3,257		(2,955)	1,783		(1,618)
Source of Ore (%) —						
Lynx		22			40	
Myra		—			4	
H-W		78			56	
Head Grades —						
Gold:oz/ton (g/tonne)	0.07		(2.47)	0.06		(2.09)
Silver:oz/ton (g/tonne)	1.44		(49.30)	1.73		(59.40)
Copper (%)		2.33			1.64	
Lead (%)		0.47			0.55	
Zinc (%)		5.85			6.18	
Mill Recovery —						
Copper (%)		86.6			83.5	
Lead (%)		—			32.6	
Zinc (%)		83.0			79.4	
Concentrate production:						
Copper:tons (tonnes)	99,347		(90,126)	36,423		(33,042)
Lead:tons (tonnes)		nil		3,301		(2,995)
Zinc:tons (tonnes)	110,521		(100,263)	59,502		(53,979)



Westmin's H-W headframe, shops and office buildings with conveyor taking ore to the mill in the distance.

early stages of any new mine, considerable time and effort must be expended in reaching and developing new work areas. In the process, significant amounts of waste and/or varying grades of ore have to be moved. As the mine "matures" less development work is required.

During the year, the main H-W ventilation system was completed and the hydraulic sandfill plant and distribution system became operational. Modifications on the 80-ft. thickener and backfill cyclone plant were completed during the first quarter of 1987 . . . increasing the quantity of available fill.

Total Reserves
AS OF JANUARY 1, 1987

	Proven and Probable Reserves	GRADE				
		Gold	Silver	Copper	Lead	Zinc
	Tons (Tonnes)	oz/ton (g/tonnes)	oz/ton (g/tonnes)	% Cu	% Pb	% Zn
H-W Mine	12,163,770 (11,034,800)	0.07 (2.40)	1.11 (38.21)	2.58	0.34	5.25
Lynx Mine	302,805 (274,700)	0.08 (2.67)	2.26 (77.49)	1.14	0.90	7.87
Price Mine	230,934 (209,500)	0.04 (1.23)	1.55 (53.14)	1.10	1.07	8.31
Total Proven and Probable	12,697,509 (11,519,000)	0.07 (2.39)	1.15 (39.42)	2.52	0.37	5.37
	Possible Reserves					
H-W Mine	2,490,339 (2,259,200)	0.07 (2.35)	0.97 (33.34)	1.57	0.22	6.39
Lynx Mine	110,451 (100,200)	0.08 (2.67)	2.26 (77.49)	0.90	0.90	7.51
Total Possible	2,600,790 (2,359,400)	0.07 (2.27)	1.00 (35.21)	1.54	0.25	6.44
Combined Total: Proven, Probable and Possible	15,298,299 (13,878,400)	0.07 (2.36)	1.13 (39.70)	2.35	0.35	5.35

Lynx Mine Operations

Ore production from the Lynx mine amounted to 256,302 tons (232,514 tonnes) approximately 22 per cent of the total for the complex. Some 72 per cent of this tonnage was from the west 'G' ore zone; 13 per cent from the east 'G' zone and the remaining 15 per cent from the 'S' zone. Of the total Lynx production tonnage, 13 per cent was mined using less cost efficient cut and fill methods. The remaining cut and fill stopes will be mined to completion during 1987. About two-thirds of production came from room and pillar stopes. No work was done at the Price or Myra mines in 1986.

Development

At the Lynx mine, emphasis continued to be placed on the west 'G' zone. Detailed diamond drilling within that zone enabled the transfer of some 179,566 tons (162,900 tonnes) of ore from possible reserves to the proven and probable category. No additional reserves were added to the possible category, resulting in a net loss of reserves at the Lynx mine.

Other areas of attention at the Lynx in 1986 were 'S' zone, 6 level west and the 'G Crest' structure. Diamond drilling in these areas defined only minor additions to ore reserves.

Diamond drilling at the H-W mine was again concentrated on detailed work within the main lens area, defining stope boundaries for mining. The drill program to define the north lens ore zones began in the last quarter and was successful in transferring some 169,315 tons (153,600 tonnes) from possible to proven and probable reserves. In addition, some 255,185 tons (231,500 tonnes) were added to that category through detailed drilling. These gains to proven and probable reserves were offset by a loss of possible reserves due to a structural re-interpretation of part of the north lens.

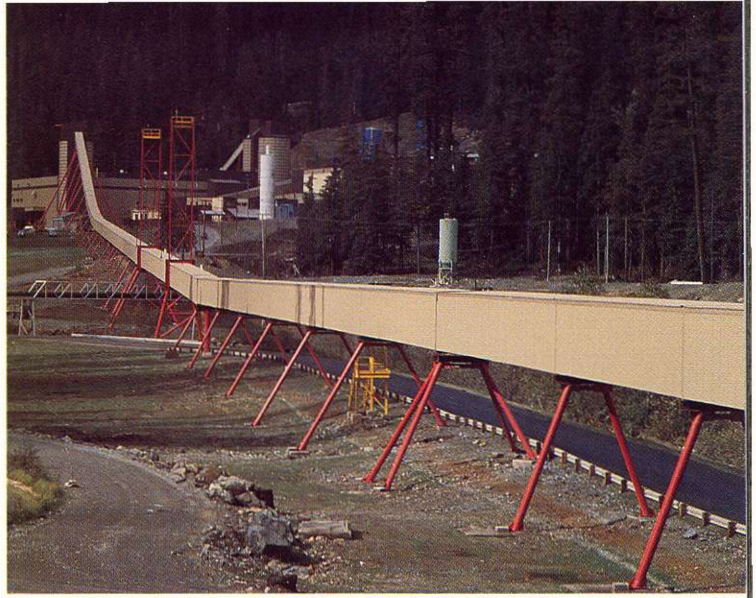
Power

Prolonged dry weather indicated that the water storage reservoir was lacking sufficient capacity for operating the Thelwood hydro plant continuously. Permits to store water in the Thelwood Lake system were granted and clearing of the area to be flooded has been completed. Construction of the low level dams and control system will be completed during the low water period of 1987.

Source	Megawatt Hours 1986	1985
Thelwood Hydro	49,766	23,780
Tennent Hydro	16,829	11,542
Diesel Power	13,561	26,734
Total	80,156	62,056

Environment

The on-land tailings deposition system operated satisfactorily during the year. Regular monitoring by the Company shows that water quality entering Myra Creek is well within the permit restrictions.

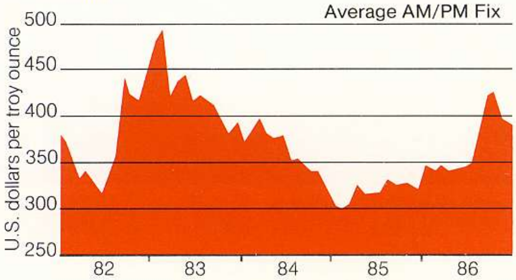


Mile-long conveyor transporting ore to silos and mill in background.

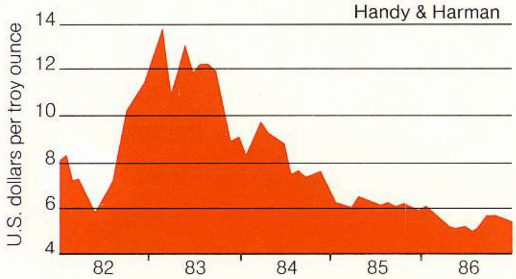
Payable Metals

(000)	1986	1985
Gold — oz	44	23
Silver — oz	966	707
Zinc — lb	96,238	54,165
Copper — lb	45,492	17,088
Lead — lb	770	2,648

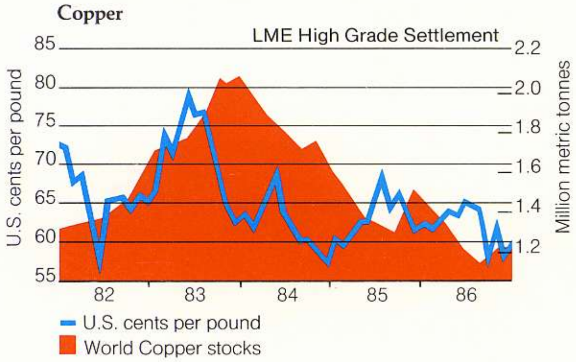
Gold



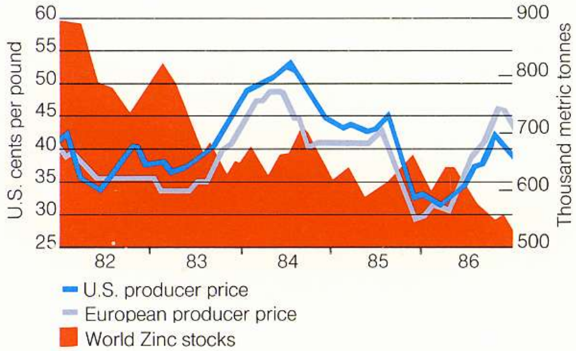
Silver



Copper



Zinc



Marketing

Economic activity grew at only modest rates in major metal consuming countries during 1986. This resulted in less than satisfactory growth in demand and prices for most metals. Although high inventory levels have been worked off over the last two years, most commodities still have excess productive capacity overhanging markets.

Gold and Silver

Japanese demand for physical gold, together with a weaker U.S. dollar, revived precious metal markets in 1986. However, booming equity markets tended to distract funds from precious metals investment as the year wore on. The average price for gold rose to US$368 per ounce from US$317 the previous year.

Silver remained featureless during the year as it continued to be affected by a supply surplus that has built up over recent years. The average price of silver in 1986 was US$5.47 per ounce, down from US$6.14 in 1985.

Copper

The western world copper market was in a slight deficit in 1986 with metal production marginally offset by consumption and trade offtake. Mine production worldwide continues to increase, up nearly two per cent over 1985, as the copper industry rationalizes and modernizes existing facilities to achieve cost reductions. Consumption was essentially unchanged from 1985.

Copper prices remained at a disappointing level throughout the year, averaging 62 cents(US) per pound on the LME compared to 65 cents(US) in 1985. Stock levels remain low, presenting some opportunity for price improvement through inventory building.

Zinc

The zinc market in 1986 was characterized by supply disruptions at strike-bound facilities in Peru, Canada and Australia. This enabled the European Producer Price to rebound sharply from a low of 30.4 cents(US) per pound in early 1986 to 41.7 cents by the beginning of the third quarter. U.S. Producer Prices (USPP) moved from a low of 30.5 cents per pound to a high of 46 cents. European Producer Prices retreated slightly to 39.5 cents per pound and the USPP to 43.5 cents, following resumption of production at the affected operations.

Lead

Primary lead production fell sharply in 1986 due to strikes in Australia and continuing rationalization within the U.S. lead industry. Through the first half of 1986 LME prices remained in a narrow range between 16.5 cents(US) and 18.5 cents . . . keeping idle primary production out of the market and attracting little secondary metal. It was not until late in 1986 that prices began to respond to the lower level of supply in the market and seasonal battery demand. By year end, prices on the LME had increased to 23.5 cents(US)

Mining Exploration

During 1986 Westmin mounted an aggressive search for precious metals. By February 28, 1987, the Company managed exploration programs on 18 projects involving a total expenditure of \$11 million . . . over \$7 million of which was contributed by joint venture participants. As operator, Westmin also earned management fees.

Last spring, Westmin decided to invite joint venture partners (usually financed by flow-through share offerings) to participate in selected exploration programs. This course of action supplanted the original plan of financing various projects via a separate exploration subsidiary.

The 1986 program was successful in upgrading geological reserves at the Silbak Premier and Big Missouri properties near Stewart, British Columbia and at the Blue Moon property in northern California. In addition, initial diamond drilling on four other properties in British Columbia, Manitoba and Quebec intersected significant gold values.

Silbak Premier/ Big Missouri

Following an extensive diamond drilling program on the Silbak Premier and nearby Big Missouri properties near Stewart, British Columbia, Westmin is proceeding with an immediate detailed feasibility study which is scheduled for completion by mid-1987.

The Stage I Environmental and Socio-Economic Impact Report is to be submitted to the provincial government in early April.

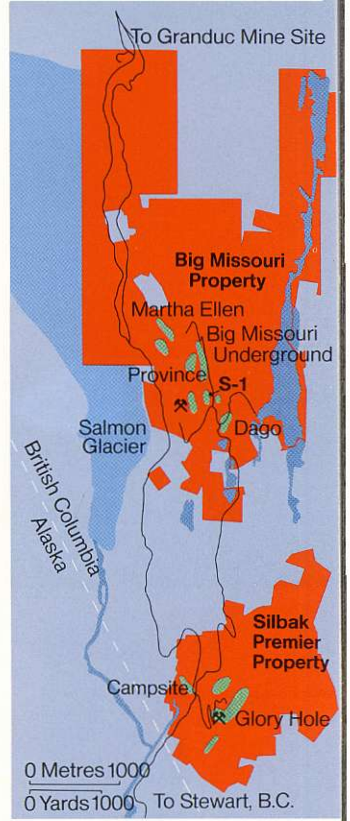
Geological and mineable reserves have increased significantly and drilling is continuing on the Silbak property to further define the Glory Hole zone.

Based on results of drilling completed to December 31, 1986, geological reserves in the Glory Hole zone total 6,380,157 tons grading 0.069 ounces gold per ton and 2.69 ounces silver or a gold equivalent grade of 0.105 ounces per ton, using current metal price ratios.

This is an increase of 15 per cent in gold grade and 7 per cent in silver from January 1986 estimates. The waste-to-ore ratio for mineable reserves has been reduced to 4.4:1 from 5.2:1. Underground drilling during the first quarter of 1987 on 2 Level continues to increase open pit reserves.

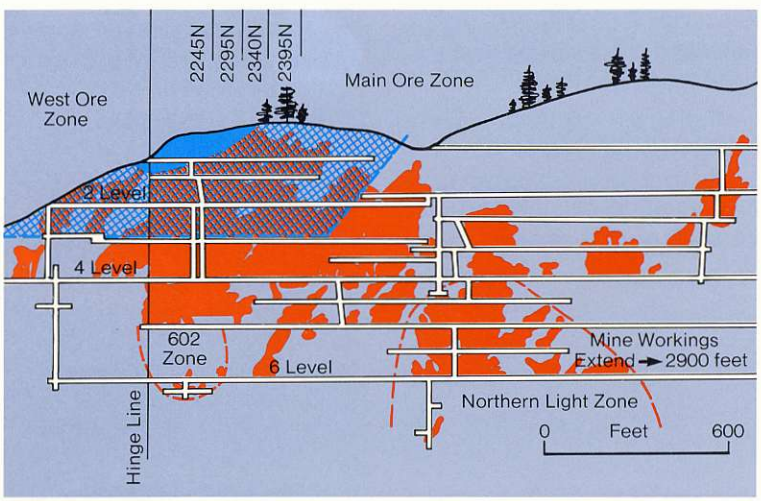
The higher grade West zone includes 474,260 tons averaging 0.234 ounces per ton gold and 1.81 ounces silver. As indicated by the longitudinal section, a great deal of the old underground workings have yet to be investigated.

Mineable reserves within the four open pit zones at Big Missouri are estimated at 1,806,760 tons grading 0.089 ounces per ton gold and 1.17 ounces silver (0.105 ounces per ton gold equivalent) with a



Stewart Area, B.C.

Gold/Silver Deposits



Silbak Premier Project Vertical Longitudinal Projection

Glory Hole

Proposed Open Pit

Former underground workings

Diamond drill location on Big Missouri precious metals property near Stewart, B.C.

waste-to-ore ratio of 2.34:1. The 1986 drilling has better defined the distribution of higher grade mineralization in the S-1 and Province zones and increased the mineable reserves. Some pits remain open to expansion of reserves in various directions.

Based on U.S.$390 gold and U.S.$5.40 silver and cash operating costs of $134 per ounce and $3.06 per ounce respectively, it is estimated that the capital ($62,000,000) and operating costs can be paid back within two years.

During the first three years of higher grade production, annual output is estimated at 80,000 ounces of gold and 560,000 ounces of silver,

Westmin has vested a 50 per cent working interest in the Silbak Premier property and British Silbak Premier Mines has elected to have Westmin continue making expenditures to a total of $6.7 million, at which time Westmin must provide a feasibility study and British Silbak may elect a 50:50 joint venture or undergo dilution to a 20 per cent carried net profits interest.

Westmin has earned a 70 per cent working interest in the Big Missouri property. Tournigan Mining Explorations retains a 30 per cent net profits interest from which Westmin may purchase an additional 7½ per cent interest for $1,000,000 within 90 days of commencement of commercial production.

Canacord Resources Inc., which provided $3 million for the 1986 exploration program, has earned an 18.75 per cent working interest in Westmin's interest in the project.

Debbie, British Columbia

Initial diamond drilling has led to the discovery of two significant gold-bearing zones on the Debbie property in the Port Alberni area, along the Sicker belt traversing Vancouver Island. Westmin has a 50 per cent interest in the property, while Nexus Resource Corporation and Angle Resources Limited have earned a 50 per cent interest in the project by funding a $1,000,000 exploration program. Preliminary geological and geophysical programs in early 1986 identified several precious and base metal targets.

In the Mineral Creek area, initial drilling intersected an extensive zone of pyritic, quartz-carbonate alteration in mafic volcanic rocks of the Sicker Group. Eleven holes have been drilled along a strike length exceeding 1,650 feet. Six of these holes intersected significant gold values in excess of 0.12 oz/t, the best of which are:

			Gold	
	Ft.	(m)	oz/t	(g/T)
DM5-86	9.0	(2.7)	0.31	(10.6)
DM12-86	4.9	(1.1)	0.39	(13.3)
DM15-86	7.7	(2.3)	0.56	(19.0)

Drilling in the 900 zone, which is about 4,000 feet (1,220 metres) southwesterly from the Mineral Creek zone has intersected significant gold values in bedded cherts, cherty tuff and jasper of the Sicker Volcanics. Three of the seven holes in the zone penetrated this cherty unit and returned important gold values, most important of which are:

DN8-86, 11.8 feet (3.6 metres) grading 0.21 oz/t (7.3 g/T)

DN13-86, 5.9 feet (1.8 metres) grading 0.22 oz/t (7.6 g/T)

DN50-87, 44.3 feet (13.5 metres) grading 1.13 oz/t (39.0 g/T)

The significance of these intersections prompted Angle Resources and Nexus to request acceleration of the project and as a result, their $1,000,000 work obligation was completed prior to February 28, 1987. Diamond drilling is continuing with three drills active on the two gold-bearing zones.

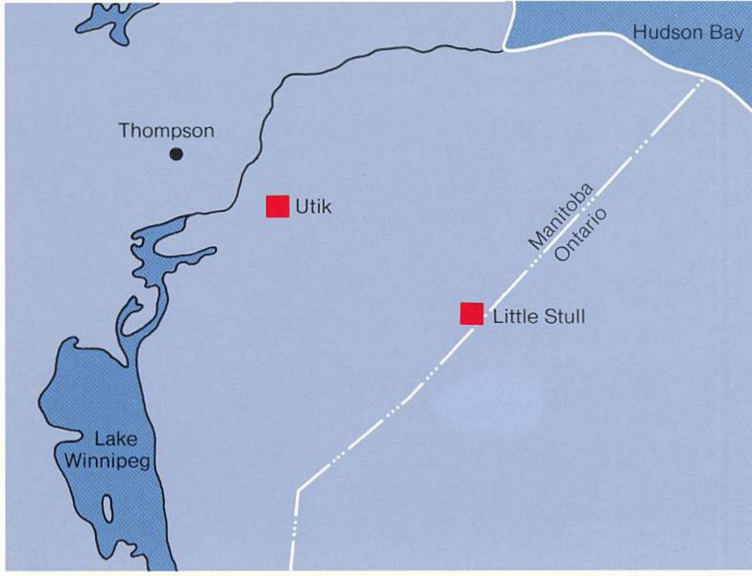
Little Stull, Manitoba

Westmin Resources and Barringer Magenta Limited are equal partners in the Little Stull project, in northeastern Manitoba, near the Ontario border. Tanqueray Resources Limited has acquired the right to earn a 35 per cent interest in the project by providing $350,000 in exploration funds. Diamond drilling of a chlorite-carbonate alteration zone at the contact between basalts and sediments has intersected gold mineralization in several holes. Thirty-one holes totalling 9,900 feet (3000 metres) have been completed along a three mile (five kilometer) length of this contact. The most significant intersections are listed below.

Hole No.	Length feet	(m)	Gold oz/t	(g/T)
1	3.3	(1.0)	0.21	(7.3)
3	4.8	(1.5)	0.48	(16.5)
5	3.3	(1.0)	0.36	(12.3)
16	4.9	(1.5)	0.49	(16.7)
19	3.3	(1.0)	1.16	(39.8)
21	3.3	(1.0)	0.34	(11.5)
31	3.3	(1.0)	5.92	(202.6)

Holes 1, 3, 5 and 31 are part of a mineralized zone which exceeds 2,300 feet (700 metres) in length. This zone has been tested by eleven shallow diamond drill holes; six of which penetrated one or more sections grading in excess of 0.10 oz/t (3.4 g/T) gold. The zone remains open to the southeast and at depth.

Mineralized sections in diamond drill holes 16, 19 and 21 are 650 feet (200 metres) to 1,600 feet (500 metres) from the nearest drill holes and will require additional testing.



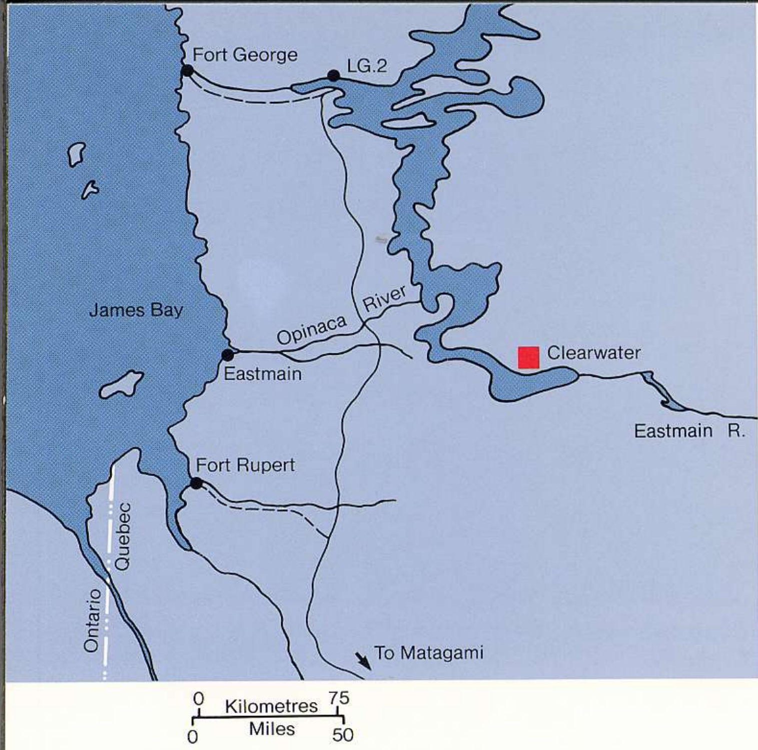
Manitoba — Ontario

0 Kilometers 150
0 Miles 100

Gold Deposits

Utik, Manitoba

Diamond drilling began in late January, 1987 to evaluate previously discovered gold showings on the Westmin/Barringer Magenta Limited equally-held Utik property. Polestar Explorations Inc. will provide $980,000 in exploration funds over two years to earn a 30 per cent interest in the property.



James Bay Area — Quebec

Gold Deposits

Clearwater, Quebec

The Clearwater property, 55 miles (90 kilometers) east of the James Bay highway and approximately 250 miles (400 kilometers) north of Matagami, is owned jointly by Westmin (66.6 per cent) and Eastmain Resources Inc. (33.3 per cent). In 1986 an agreement between the joint owners and MSV Resources Inc. will allow MSV to earn a 20 per cent interest in the property by providing $1,080,000 in exploration funds over a two-year period.

Diamond drilling started in early January, 1987 to evaluate four gold-bearing zones intersected in previous drill holes. Pyrite and chalcopyrite-bearing intersections up to 65 feet (20 metres) wide have been encountered in altered cherty interflow rocks in basalts. Visible gold has been observed in one hole associated with pyrite and chalcopyrite. Assays are pending.

Blue Moon Project, California

During 1986, diamond drilling led to the discovery of an extension of the American Eagle Mine area plus an expansion of reserves in the Main zone of the Blue Moon precious metal-bearing massive sulphide deposits in Mariposa County, northern California.

The new discovery is on the same stratigraphic horizon and may connect with the West zone of the Blue Moon area. Significantly, hole B33, about 600 feet above the nearest intersection in the West zone returned 36 feet (from 1,445 to 1,481 ft.) averaging 25 per cent zinc, 0.15 ounces gold per ton, 2.9 ounces silver, 0.63 per cent copper and 0.94 per cent lead. Drilling is in progress to test open areas around known mineralized zones which have few constraining drill holes nearby. Continuing geological studies have identified several additional high priority targets on the property. The mineralization is similar to the Company's H-W mine complex at Myra Falls, B.C.

Westmin is exploring the property under terms of an agreement with Colony Pacific Explorations Limited, owners of the property.

Reserve Inventory

	Tons (Tonnes)	Gold oz/t(g/t)	Silver	Copper	Lead Per Cent	Zinc
Probable	2,126,900 (1,929,500)	0.06 (2.06)	2.46 (84.34)	1.13	0.43	8.77
Possible	1,133,175 (1,028,000)	......		similar grades		....

Coal and Industrial Minerals

Total coal and industrial minerals revenue for 1986 was approximately $7,700,000 compared with $6,200,000 for 1985. The 1986 figure includes a $1,500,000 non-recurring back royalty payment from TransAlta Utilities for the Whitewood mine. This payment represents a corrective adjustment on past Whitewood royalty payments. Coal revenues under the various lease agreements will continue into the next century, with annuel per tonne rates increasing at a rate greater than the annual rate of inflation.

Present royalties are obtained from lands which the Company has leased to TransAlta Utilities in the Highvale and Whitewood mine areas near Lake Wabamun, Alberta. Westmin also has undeveloped coal lands in an area to the south of the Highvale mine, which would likely be required for future expansion of the Keephills thermal power plant.

These areas are part of some 507,000 acres of mineral title lands which Westmin owns in central Alberta. Additional Crown coal lands are held in Alberta and Saskatchewan. Westmin continues to retain its 3½ per cent royalty position with B.P. Canada on the Sukunka coal project in northeastern British Columbia.

During the year the Company revised its Sodium Sulphate Sub-Lease to provide for a lowering of the royalty rate, coupled with a guarantee of minimum yearly production. These changes should ensure royalty payments of approximately $250,000 per year and will likely extend the life of the mine and plant.

Nordegg Lime Ltd. operates Westmin's Nordegg limestone quarry under a royalty agreement and produces a small tonnage of rip-rap, poultry grits and aglime. Nordegg Lime has a screening, crushing and dust collection system set up in the quarry and is actively pursuing markets for sized rock and specialized screened materials.

Westmin will continue to selectively investigate other coal and industrial mineral prospects in western Canada.

Lacana Mining Corporation

In February, 1987, Westmin sold its block of 3,151,009 common shares of Lacana Mining Corporation to Royex Gold Mining Corporation for a total consideration of $34,661,000.

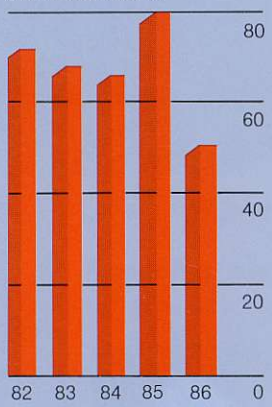
This was in line with previously stated intentions and reflected the Company's increased exploration exposure for precious metals. Westmin's gold and silver prospects have been significantly enhanced by successful exploration programs on the Silbak Premier/ Big Missouri properties near Stewart, in northwestern B.C., where feasibility studies are currently in progress.

In addition, encouraging gold intersections have been obtained in the early stages of diamond drilling programs on two properties in northern Manitoba, on Vancouver Island and in the James Bay area of Quebec (see Mineral Exploration).

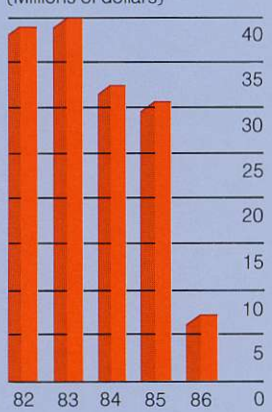
Significant increases in gold and silver production have also resulted from the threefold expansion of the Myra Falls complex.

Financial Review

Cash Flow
(Millions of dollars)



Net Earnings
(Millions of dollars)



The following discussion of the results of operations and financial position of the Company should be read in conjunction with the consolidated financial statements and related notes.

Overview

Revenues generated in 1986 were a record $189.6 million, an increase of 12 per cent from revenues of $169.8 in 1985. This increase in revenues results from a 213 per cent increase in Mining Division revenues as a result of the new H-W mine/mill complex reaching commercial production as of January 1, 1986, and a decline of 30 per cent in Petroleum Division revenues, the result of sharp declines in crude oil prices.

Cash provided by operating activities before mineral exploration declined in 1986 to $52.1 million from $80.0 million in 1985.

Net earnings for 1986 were $8.7 million, a decrease from $30.5 million in 1985. After provision for dividends on preferred shares, the Company experienced a loss per common share of 21 cents in 1986 compared to earnings per common share in 1985 of 40 cents.

The decline in revenues in the Petroleum Division because of sharp crude oil price declines, combined with low metal prices and lower than expected grades were factors negatively affecting cash flow from operations and earnings.

Oil and Gas

Revenues from the Petroleum Division declined 30 per cent from $134.3 million in 1985 to $93.8 in 1986. Revenue from sales of crude oil and natural gas liquids was down $32.6 million or 44 per cent from 1985 and revenue from sales of natural gas was down $8.3 million or 14 per cent from 1985. The decline in revenue from crude oil and natural gas liquids was the direct result of significant price declines experienced in 1986. Average conventional wellhead prices declined 43 per cent to $18.26 per barrel in 1986 from $32.05 per barrel in 1985. Average heavy oil wellhead prices declined even more significantly to $11.64 per barrel in 1986 from $31.01 per barrel in 1985, a decline of 62%. The average wellhead price for gas declined 17 per cent from $2.75 per mcf in 1985 to $2.29 per mcf in 1986. Deregulation of gas prices as of November 1, 1986 is expected to contribute to further declines in gas prices during 1987.

Total royalty paid on the Company's working interest production remained at approximately 17 per cent. The average royalty rate on conventional oil and gas production was approximately 22 per cent while heavy oil production, because it is produced from mineral title acreage is royalty free. It is, however, subject to a Freehold Mineral Tax assessed by the Crown of approximately 3 per cent.

Oil and gas production expenses increased to $33.5 million in 1986, up $5.9 million or 21 per cent from 1985. This increase is the result of: inclusion of the Sundance properties for the entire year versus inclusion in 1985 from March 29 onward; higher heavy oil production; and lower tariff recoveries on conventional gas.

Depreciation and depletion increased 15 per cent from $22.7 million in 1985 to $26.2 million in 1986. This increase is attributable to the increase in production and the result of adopting the new CICA accounting guideline on Full Cost Accounting (see note 1 to the financial statements).

Cash flow from oil and gas operations before allocation of interest expense, decreased $39.6 million or 46 per cent to $45.9 million in 1986 from $85.5 million in 1985. This decline in cash flow is represented by a 34% reduction in cash flow from conventional operations and a 72% reduction in cash flow from heavy oil operations.

Operating profit, before allocation of interest expense, is $19.7 million in 1986, down 71 per cent from $62.7 million in 1985.

Mining

The Company achieved a significant increase in revenues from its Mining Division with the commissioning of the Company's new H-W mine/mill complex into commercial production as of January 1, 1986. Prior to this date, while the operation was in the "start-up" phase, all revenues and expenses from the H-W mine were capitalized. Mining Division revenues increased to $86.4 million in 1986 from $27.6 million in 1985, a 213 per cent increase. Most of this revenue increase in the division is attributable to mining operations; however revenues from coal and industrial mineral royalties did increase $1.5 million to $7.7 million in 1986 from $6.2 million in 1985 mainly due to a royalty rate adjustment for the Whitewood area.

Operating costs increased from $21.2 million in 1985 to $51.9 million in 1986. This increase is entirely attributable to the higher level of ore milled. Operating costs per ton of ore in 1986 were $44.04, a 40 per cent reduction from 1985 costs of $73.85 per ton of ore milled.

Depreciation and depletion expense increased to $16.1 million in 1986 from $2.4 million in 1985. Per ton milled, the rate went from $8.36 in 1985 to $13.67 in 1986. This increase reflects the use of the newer, more efficient but more costly H-W facilities, yet assumes a very conservative reserve base.

Cash flow from the Mining Division before allocation of interest expense and mineral exploration increased 485 percent to $33.9 million in 1986 from $5.8 million in 1985. Similarily, operating profit increased to $18.4 million in 1986 from $4.0 million.

Funds spent on mineral exploration in 1986 totalled $3.6 million, the same as was spent in 1985. In addition to funds spent by the Company, Westmin was successful in farming out prospects on which approximately $7.4 million additional exploration was incurred by joint venture partners in 1986.

Corporate Activities

Investment income in 1986 increased by approximately $1.5 million to $9.3 million due primarily to the higher levels of cash and short term investments at the disposal of the Company. Of this increase, approximately $1.2 million represents an increase in tax free dividends received by the Company.

Interest expense increased in 1986 to $36.6 million from $8.9 million in 1985. This increase is primarily the result of expensing in 1986 all interest relating to the H-W project. Prior to 1986, interest on this project was capitalized pending transition to commercial production.

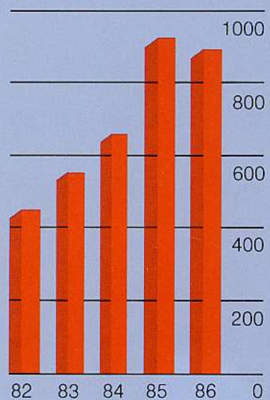
Corporate general and administrative expenses increased slightly in 1986 to $5.2 million from $4.6 million in 1985, an increase of 13 per cent. This increase is attributable to expenses incurred regarding the Company's proposed public offering of shares in a new subsidiary which the Company decided not to proceed with, increased legal costs relating to the Company's financings and an increase in B.C. Capital Tax.

Income and resource taxes (see note 10 to the financial statements) are down significantly from 1985 due to the recognition in 1986 of a deferred tax recovery of $5.7 million; the result of the 1986 earnings decline and the effect of differences between accounting income and taxable income; an increase in the Alberta Royalty Tax Credit (ARTC) from $2.0 million to $3.0 million effective April 1, 1986 and the phasing out and eventual elimination as of October 1, 1986 of the Petroleum and Gas Revenue Tax (PGRT). The ARTC increased $.8 million to $2.8 million in 1986 while PGRT was reduced from $9.6 million in 1985 to $1.5 million in 1986. All of the 1986 PGRT liability has been deferred, based on the off-set provisions available under the Western Accord. The increase in the ARTC to $3.0 million annually and the elimination of PGRT will further earnings improvement in 1987.

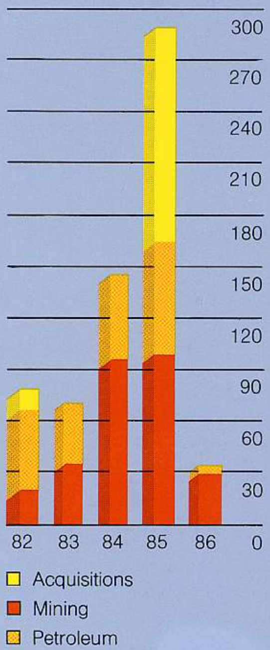
Capital Resources and Liquidity

Capital expenditures during 1986 totalled $36.9 million, down from $289.0 million the previous year. In 1985 expenditures include $134.1 million on the Sundance acquisition and $101.9 million on the H-W project. The expenditures incurred in 1986 were generally restricted to existing commitments and were scheduled to take advantage of any government incentives available. Expenditures in the Petroleum Division were $30.6 million in 1986; $17.3 million expended on

Assets
(Millions of dollars)



Capital Expenditures
(Millions of dollars)



conventional oil and gas projects and $13.3 million expended on heavy oil projects, versus $186.5 million in 1985. Expenditures in the Mining Division were $5.6 million in 1986 a decline from $101.9 million in 1985.

The Company has entered into various financing agreements with several Canadian chartered banks (see note 6 to the financial statements) including: a non-recourse loan on the H-W mine/mill complex of $200.0 million on which repayments have commenced leaving $189.7 million outstanding at year end; a loan on the Sundance Properties of $100.0 million on which repayments have commenced leaving $90.7 million outstanding at year end; an unsecured revolving credit facility of up to $150 million, of which $85.3 million has been drawn; and unsecured short term operating lines amounting to $35 million, none of which had been drawn at year end.

On April 30, 1986 the Company issued Preferred Shares by way of private placement and designated $9 million in share purchase tax credits in favour of the purchaser (see note 8 to the financial statements). Under present tax legislation, these credits would likely have expired. Proceeds from this share issue have been invested in short term investments and are available for corporate purposes if and as required.

On October 31, 1986 the Company completed a sale of petroleum processing facilities and subsequently entered into a leaseback arrangement on the facilities. Proceeds of $35 million have been invested in short term investments and will be utilized in 1987 in meeting our long term debt reduction requirements.

Accounting Changes

In 1986 the Company adopted, on a retroactive basis, the provisions of the new C.I.C.A. accounting guideline, "Full Cost Accounting in the Oil and Gas Industry". As a result of adopting the guideline, the Company has reduced retained earnings at December 31, 1984 by $14.4 million. The adoption of the guideline by the Company had no material impact on 1985 or 1986 net earnings nor is it expected to have a material impact on future earnings.

Outlook

The outlook for 1987 appears brighter when compared to the outlook for 1986 at the same point in time a year earlier. Crude oil prices appear to be firming and metal prices are above their 1986 averages. In addition, in 1986 the Company embarked on a cost cutting and efficiency program which should begin to show additional impact in 1987.

Capital expenditures for 1987 are projected to be approximately $36.2 million, $12.4 million in the Petroleum Division and $23.8 million in the Mining Division. Petroleum Division expenditures are primarily related to facilities and development drilling on conventional operations but does include some geophysical activity, exploratory drilling and land purchases in areas the Company believes have good potential. Expenditures of $1.8 million on heavy oil operations are limited to facility repairs, process optimization and to the thermal stimulation program. Proposed Mining Division expenditures of $23.8 million would increase the production rate of the H-W mill from 3,300 tons (3,000 tonnes) to 4,400 tons (4,000 tonnes) per day by 1988. This expansion would have payout of less than one year and is intended to significantly increase the cash flows from the Mining Division.

Mineral exploration expenditures of $1.9 million are to cover minimum commitments on select exploration projects. Any additional spending requirements will be satisfied by joint venture, issuing flow through shares or other available means. Precious metals will remain the Company's primary area of interest with metal bearing polymetallic deposits ranking second.

Year end working capital of $117.0 million was increased substantially with the sale on February 5, 1987 of the Company's investment in Lacana Mining Corporation for $34.7 million. It is intended that these proceeds be used to further reduce the Company's long term debt.

Management of the Company is confident that 1987 will see a return to improved levels of profitability.

Management's Responsibility

This Annual Report to the shareholders of Westmin Resources Limited, including the financial statements on pages 28 to 39, has been prepared by the management of the Company and approved by the Directors. The financial data included in the text of this report is consistent, to the extent applicable, with the financial statements and the underlying information from which these statements were prepared.

Management is responsible for the integrity and objectivity of the financial statements . To fulfill this responsibility, the Company maintains appropriate systems of internal controls, policies and procedures to ensure that its reporting practices and accounting and administrative procedures are of high quality, consistent with reasonable costs. The statements have been prepared utilizing accounting principles, ("Summary of Accounting Policies", pages 31 and 32) which we believe to be appropriate for the operations of the Company.

Touche Ross & Co., the auditors appointed by the shareholders, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report as auditors is set forth below.

The statements have been further examined by the Board of Directors and its Audit Committee whose members are listed elsewhere in this report. This Committee meets regularly with the auditors and management to review the activities of each and it reports to the Board of Directors. The auditors have full access to the Audit Committee.

Auditors' Report

The Shareholders
Westmin Resources Limited

We have examined the consolidated balance sheet of Westmin Resources Limited as at December 31, 1986 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in method of applying full cost accounting for oil and gas properties as set out in Note 1 to the financial statements, on a basis consistent with that of the preceding year.

Calgary, Alberta
February 9, 1987

Touche Ross & Co.
Chartered Accountants

WESTMIN RESOURCES LIMITED

Consolidated Statement of Earnings

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
	(in thousands)	
Revenue		
Oil and gas	$ 93,838	$134,344
Mining	86,396	27,588
Investment income	9,329	7,851
	189,563	169,783
Expenses		
Royalty expense	14,451	21,215
Cost of production	85,419	48,884
Mineral exploration	3,637	3,564
Interest	36,567	8,900
General and administrative	5,208	4,628
Depletion and depreciation	42,593	25,522
	187,875	112,713
Earnings from operations	1,688	57,070
Income and resource taxes (note 10)	(6,960)	24,792
Share of loss of Lacana Mining Corporation		1,826
Net earnings for the year	$ 8,648	$ 30,452
Earnings (loss) per common share (note 11)	$ (.21)	$ .40

Consolidated Statement of Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
	(in thousands)	
Balance at beginning of year as previously reported	$103,373	$ 95,917
Adjustment for change in accounting policy for oil and gas properties (note 1)	14,405	14,405
Restated balance	88,968	81,512
Net earnings for the year	8,648	30,452
	97,616	111,964
Dividends (note 9)	24,493	22,996
Balance at end of year	$ 73,123	$ 88,968

WESTMIN RESOURCES LIMITED

Consolidated Balance Sheet

	DECEMBER 31, 1986 1986	1985 (Restated)
	(in thousands)	
Assets		
Current Assets		
Cash and short-term investments	$153,923	$ 94,679
Accounts receivable (note 2)	28,304	35,588
Inventories (note 3)	14,131	15,004
	196,358	145,271
Investments (note 4)	42,497	41,836
Property, plant and equipment (note 5)		
Oil and gas	518,456	533,805
Mining	296,391	297,073
Other	4,605	3,948
	819,452	834,826
Accumulated depletion and depreciation	169,563	127,126
	649,889	707,700
	$888,744	$894,807

Liabilities and Shareholders' Equity

	1986	1985
Current Liabilities		
Accounts payable	$ 24,352	$ 47,688
Current portion of long-term debt	55,000	10,000
	79,352	57,688
Long-term debt (note 6)	310,662	339,707
Deferred production revenue (note 7)	4,497	5,375
Deferred income and resource taxes	97,542	107,690
	492,053	510,460
Shareholders' Equity		
Share capital (note 8)	323,568	295,379
Retained earnings	73,123	88,968
	396,691	384,347
	$888,744	$894,807

Approved by the Directors

Director

Director

WESTMIN RESOURCES LIMITED

Consolidated Statement of Changes in Financial Position

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
	(in thousands)	
Cash provided by (used in) operating activities		
Net earnings for the year	$ 8,648	$ 30,452
Add (deduct) charges to operations not requiring a current cash payment —		
Depletion and depreciation	42,593	25,522
Deferred income and resource taxes	(2,205)	19,143
Other	(548)	1,326
Cash provided by operating activities	48,488	76,443
Mineral exploration expenditures	3,637	3,564
Cash provided by operating activities before mineral exploration	52,125	80,007
Cash provided by (used in) financing activities		
Proceeds from sale and leaseback transaction	35,010	
Long-term debt	(29,045)	199,707
Share capital, net of issue costs	28,189	3,564
Sale of investment tax credits	9,000	
Dividends	(24,493)	(22,996)
Net change in working capital balances other than cash	29,821	(365)
Other	(861)	4,898
	47,621	184,808
Cash provided by (used in) investment activities		
Property, plant and equipment	(36,865)	(288,968)
Mineral exploration	(3,637)	(3,564)
	(40,502)	(292,532)
Net increase (decrease) in cash during the year	59,244	(27,717)
Cash position at beginning of year	94,679	122,396
Cash position at end of year	$153,923	$ 94,679

Cash position comprises cash and short-term investments

	1986	1985
Net change in working capital balances other than cash		
Accounts receivable	$ 6,980	$ (7,592)
Inventories	1,177	(7,411)
Accounts payable	(23,336)	4,638
Current portion of long-term debt	45,000	10,000
	$ 29,821	$ (365)

WESTMIN RESOURCES LIMITED

Summary of Accounting Policies

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and except for the change outlined in note 1 have been consistently applied.

Basis of Consolidation

The consolidated financial statements include the accounts of the company and all its wholly-owned subsidiaries.

Investments

Effective January 1, 1986, the company changed its method of accounting for the investment in Lacana Mining Corporation from the equity method to the cost method (see note 13).

Other investments are carried at the lower of cost and net realizable value.

Joint Venture Accounting

Substantially all oil and gas exploration and production activities are conducted jointly with others and accordingly the accounts reflect only the company's proportionate interests in such activities.

Translation of Foreign Currencies

Assets, liabilities, revenues and expenses in currencies other than Canadian dollars are translated into Canadian dollars as follows:

Cash and short-term investments, accounts receivable and accounts payable at the rates of exchange prevailing at the balance sheet date.

Other assets and liabilities at rates prevailing when they are acquired or incurred.

Revenues and expenses at the average rate for the year except for depletion and depreciation provisions which are at the rates used for translation of the related assets.

These procedures give rise to exchange translation gains and losses, the net amounts of which are included in income.

Concentrate Settlements Receivable and Concentrate Inventory

Concentrate settlements receivable and concentrate inventory are valued at current metal prices less provision for estimated market adjustments, treatment and marketing charges. In accordance with the terms of the sales contracts, final settlements are made at prices prevailing at future dates and the amounts eventually received by the company may vary from the amounts included in receivables and inventory at the balance sheet date. From time to time the company establishes the price it will receive for part of its production by selling forward on the metal and currency markets.

Materials and Supplies

Materials and supplies are valued at the lower of average cost and net realizable value.

Property, Plant and Equipment

Oil and Gas

The full cost method of accounting is used whereby all costs associated with exploration for and development of oil and gas reserves are capitalized. Capitalized costs include land acquisition, geological and geophysical expenditures, carrying charges of non-producing properties, costs of drilling both productive and non-productive wells, overhead expenses related to exploration and development activities and costs related to plant and equipment. These costs are accumulated in cost centres established on a country-by-country basis. Capitalized costs are generally limited to the value of future net revenues from estimated production of proved reserves and the costs of unproved properties. Future net revenue is calculated using year-end prices and costs with reductions for applicable administrative, financing and income tax expenses.

Capitalized costs in each cost centre are amortized using the unit of production method based upon proved reserves before deduction for royalties and utilizing a common unit of measure for oil and gas products based on relative energy content. Costs related to the acquisition of unproved properties are excluded from capitalized costs to be depleted until it is determined whether proven reserves are attributable to the properties or impairment in value has occured.

Mining

Metals

Mineral exploration costs (including acquisition, exploration and development expenditures and related overhead) pertaining to individual mineral prospects are charged to income as incurred until an economic orebody is defined. Development costs and initial start-up operations (including applicable production revenues) are capitalized until a commercial production level is deemed to have been reached, at which time the costs are amortized using the unit of production method based upon estimated ore reserves to be recovered.

Mining plant and related equipment costs, including capitalized interest, are depreciated substantially on the unit of production method. Other equipment is depreciated based on estimated useful life.

Coal and Industrial Minerals

Until commercial production begins, coal and other properties are carried at cost less any amount written off in recognition of a permanent decline in value. Upon commencement of production, costs are amortized on the unit of production method based upon the estimated life of the reserves.

Interest Costs

Interest costs attributable to major capital expansion and development projects are capitalized until commercial production is reached.

Income and Resource Taxes

The company follows the tax allocation method of accounting for corporate income and resource taxes, whereby deferred taxes are provided to the extent that current taxes have been reduced by claiming amounts, primarily exploration and development costs and capital cost allowances, in excess of the related depletion and depreciation recorded in the financial statements.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1986

1. CHANGE IN ACCOUNTING POLICY

In 1986 the company adopted on a retroactive basis the provisions of the new C.I.C.A. accounting guideline, "Full Cost Accountng in the Oil and Gas Industry", which was released in September 1986. In making this change, the company was required to modify its accounting policy relating to full cost, to redefine its cost centres on a country-by-country basis and to revise its method for computing the limitation of capitalized costs ("ceiling test"). As a result of this change in accounting policy, retained earnings at January 1, 1985 have been reduced by $14,405,000 (net of income taxes). There is no significant impact on net earnings for 1985. Had the company followed its previous policy in 1986, net earnings would have been reduced by $1,067,000.

2. ACCOUNTS RECEIVABLE

	1986	1985
	(in thousands)	
Oil and gas	$18,640	$28,146
Concentrate settlements	5,223	2,440
Other accounts receivable	4,441	5,002
	$28,304	$35,588

3. INVENTORIES

Concentrate	$ 5,883	$ 6,746
Materials and supplies	8,248	8,258
	$14,131	$15,004

4. INVESTMENTS

Lacana Mining Corporation (note 13)	$31,903	$31,903
Long-term receivable	7,399	7,502
Other	3,195	2,431
	$42,497	$41,836

Long-Term Receivable

This receivable, amounting to $14,850,000 is due in annual instalments ranging from $650,000 to $800,000 to July 1, 2005. Interest is not applicable providing the instalments are paid when due. Under the terms of the agreement 50% of any instalment, in aggregate not exceeding $1,000,000, may be postponed up to July 1, 2005 subject to an 8% per annum interest payment. This option has been fully utilized. With the exception of the current portion of $650,000 which is included in current assets, the remaining instalments are carried at a discounted value of $7,399,000 (1985 — $7,502,000) based on an assumed interest rate of 8%.

Other Investments

This amount includes housing and stock purchase plan loans of $1,209,000 (1985 — $188,000) to certain employees, some of whom are officers and directors of the company.

5. PROPERTY, PLANT AND EQUIPMENT

	1986 Cost	1986 Accumulated depletion and depreciation	1986 Net	1985 (Restated) Net
		(in thousands)		
Oil and gas				
Properties				
Canada	$404,946	$ 82,128	$322,818	$329,774
U.S.A.	14,327	13,304	1,023	1,962
Abu Dhabi	13,950	12,750	1,200	1,195
Plant and equipment	85,233	24,366	60,867	94,518
	518,456	132,548	385,908	427,449
Mining				
Metals				
Properties and development	128,526	8,750	119,776	124,798
Plant and equipment	162,118	24,376	137,742	149,110
Coal and industrial minerals	5,747	1,436	4,311	4,505
	296,391	34,562	261,829	278,413
Leasehold improvements and other equipment	4,605	2,453	2,152	1,838
	$819,452	$169,563	$649,889	$707,700

The H-W mine at Myra Falls attained full operating status as at January 1, 1986 consequently no interest (1985 – $18,777,000) or start-up costs were capitalized in 1986.

Unproved properties not subject to depletion total $38,500,000 as at December 31, 1986 (1985 – $38,900,000).

Under the provisions of the Petroleum Incentives Program, the company has recorded $5,561,000 of incentive grants in 1986 (1985 – $8,000,000). This amount has been shown as a reduction to the appropriate property, plant and equipment accounts.

6. LONG-TERM DEBT

	1986	1985
	(in thousands)	
H-W Mine/Mill Complex (i)	$189,712	$200,438
Sundance Properties (ii)	90,700	94,500
Revolving Credit Facility (iii)	85,250	54,769
	365,662	349,707
Current Portion (i,vi)	55,000	10,000
	$310,662	$339,707

(i) The H-W Mine/Mill Complex financing converted to term and non-recourse status during the year. The loan is repayable over a seven year period subject to earlier repayment based on available cash flows from the project. The loan is secured by the project assets. Scheduled principal repayments are as follows: 1987 – $20,000,000; 1988 – $20,000,000; 1989 – $20,000,000; 1990 – $25,000,000; 1991 – $30,000,000; 1992 – $45,000,000; 1993 – $30,000,000.

(ii) By letter agreement dated March 18, 1985 the company entered into a financing facility with certain Canadian chartered banks for the purpose of acquiring certain oil and gas properties (Sundance Properties). The company borrowed $100,000,000 Canadian or U.S. equivalent. Repayment is to be made from the cash flows of the Sundance Properties with a final maturity date of January 1, 1993. The loan will be secured, on a non-recourse basis, by the Sundance Properties once security has been put in place and upon certain conditions in the letter agreement being satisfied. Until that time it is a full obligation of the company.

(iii) By agreement with certain Canadian chartered banks, the company may borrow under a revolving credit facility up to $150,000,000 Canadian or U.S. equivalent during the period to November 14, 1986 (renewal currently under review), the Revolving Loan Maturity Date, at varying interest rates depending upon the nature of the loans. On or prior to the Revolving Loan Maturity Date, the company may convert its indebtedness to a five-year term basis. The credit facility is unsecured but the company is restricted from creating security on any of its assets (except for the H-W Mine/Mill Complex and Sundance Properties) without providing security on a pari passu basis to the lenders under this agreement.

(iv) In addition the company has available unsecured short-term operating lines of credit with certain Canadian chartered banks amounting to $35,000,000.

(v) Each facility has various drawing options including banker's acceptances, Canadian dollar loans and foreign currency loans. The weighted average interest rate was 10.05% for 1986.

(vi) The company entered into a sale and leaseback arrangement in October 1986. The $35,000,000 proceeds of the sale will be applied to long-term debt.

7. DEFERRED PRODUCTION REVENUE

Deferred revenue represents value received under take or pay contracts and has been recorded at a discounted amount to reflect the value of gas to be delivered in future years.

8. SHARE CAPITAL

The company has authorized share capital of an unlimited number of shares of Class A Preferred Shares issuable in series, Class B Preferred Shares issuable in series and common shares without par value.

Issued and fully paid

	1986		1985	
	Number of Shares	Amount	Number of Shares	Amount
		(000)		(000)
Class A Preferred Shares				
Series 1	1,000,000	$100,000	1,000,000	$100,000
Class B Preferred Shares				
Series 1	3,999,200	99,980	3,999,300	99,982
Series 3	2,812,500	26,850		
Common Shares	38,697,597	96,738	38,520,428	95,397
		$323,568		$295,379

Class A Preferred Shares, Series 1

The Class A Preferred Shares rank in priority to all other shares. The first series of this class of shares have attached thereto certain provisions which include:

(i) the right to receive cumulative annual dividends equal to one and one-half percent plus one-half of the average prime rate of interest charged by certain Canadian banks adjusted daily but payable quarterly.

(ii) the obligation to redeem at par plus accrued and unpaid dividends a maximum of 5% of the outstanding shares per annum commencing January 1, 1983. This obligation has been waived by the preferred shareholders since 1983. The company may accelerate redemption and may at any time purchase all or any part of the outstanding shares for cancellation.

(iii) the right of the holders of the shares to require the company after June 1, 1992 to repurchase all the shares which are then outstanding at a price of $100 per share plus accrued and unpaid dividends.

Class B Preferred Shares

The Class B Preferred Shares rank junior to the Class A Preferred Shares and senior to the common shares.

Series 1

The first series of the Class B Preferred Shares have attached thereto certain provisions which include:

(i) the right to receive cumulative dividends of $2.125 per annum per share payable quarterly on the last day of each calendar quarter.

(ii) the right of the holders to convert the shares into common shares at any time prior to May 2, 1988 at the rate of 1.695 common shares for each preferred share.

(iii) purchase by the company, during each calendar quarter commencing July 1, 1988 at a price not exceeding the $25 issue price per share plus accrued and unpaid dividends and costs of purchase, 1% of the number of preferred shares outstanding as at May 1, 1988.

Series 3

The Series 3 Class B Preferred Shares have attached thereto certain provisions which include:

(i) the right to receive dividends at the rate equal to four times the dividends paid on the common shares.

(ii) the right of the holders to convert the shares into common shares at any time prior to May 1, 1991 at the rate of one common share for each preferred share.

On April 30, 1986, the company issued 2,812,500 Series 3 shares for $35,850,000 (net of share issue costs) and designated $9,000,000 of the total as proceeds from the sale of investment tax credits.

Common Shares

	Number of shares	Amount
		(in thousands)
As at December 31, 1985	38,520,428	$95,397
Issued under the Executive share purchase plan	130,000	1,053
Issued under Employee stock options	47,000	286
Issued on conversion of Class B Preferred Shares, Series 1	169	2
As at December 31, 1986	38,697,597	$96,738

Under the terms of the company's employee stock option plan, options of 809,038 shares were outstanding as at December 31, 1986, exercisable at varying dates to 1992 at prices ranging from $5.97 to $12.25 per share.

9. DIVIDENDS

	1986	1985
	(in thousands)	
Class A Preferred	$ 6,775	$ 6,800
Class B Preferred		
Series 1	8,499	8,499
Series 3	1,500	
Common	7,719	7,697
	$24,493	$22,996

10. INCOME AND RESOURCE TAXES

	1986	1985
	(in thousands)	
Income taxes		
Deferred	$(4,597)	$17,228
Alberta royalty tax credit	(2,753)	(2,000)
	(7,350)	15,228
Resource taxes		
Provincial mining	(1,090)	
Petroleum and gas revenue	1,480	9,564
	390	9,564
Total income and resource taxes	$(6,960)	$24,792

The following reconciles the difference between the income tax expense recorded and the calculated tax expense obtained by applying the corporate tax rate to earnings before income and resource taxes.

	1986	1985
Corporate Tax Rate	52.0%	50.2%
	(in thousands)	
Calculated income tax provision	$ 878	$28,649
Effect on taxes from		
Crown royalty and rental disallowance	3,999	6,155
Resource allowance	(7,443)	(9,872)
Depletion allowance	1,637	(5,243)
Alberta royalty tax credit	(2,753)	(2,000)
Tax exempt dividends	(3,617)	(2,814)
Other	(51)	353
Income tax provision (recovery)	$(7,350)	$15,228

Deferred income taxes arise from timing differences in the recognition of income and expenses for income tax and financial statement purposes. The source of these differences is as follows:

	1986	1985
	(in thousands)	
Exploration and development expenses	$(7,003)	$11,039
Depreciable property, plant and equipment	683	16,762
Resource and earned depletion allowances	1,356	(11,245)
Other	367	672
	$(4,597)	$17,228

11. EARNINGS PER COMMON SHARE

Earnings per share have been calculated using the weighted monthly average of shares outstanding and earnings after deducting dividends paid on the preferred shares.

12. OTHER INFORMATION

Commitments

The company has various commitments, contingencies and other claims which are in the ordinary course of business.

Pension plans exist for all employees. Based on the most recent actuarial evaluation of the plans no unfunded liability existed as at December 31, 1986.

Under an equipment lease agreement, the company is committed to monthly payments of $331,000 over a 13½ year period commencing October 31, 1986.

Related Party Transactions

In the normal course of business, the company engages professional services of various engineering and geological consulting firms. During 1986, $157,000 (1985 — $1,069,000) was paid to such a company in which a director holds a majority interest. Terms of these transactions are the same as with unrelated parties.

From time to time the company arranges investment transactions in conjunction with certain affiliates. These transactions are carried out without cost and at normal market terms. At December 31, 1986 cash and short-term investments included $38,000,000 (1985 — nil) of securities of an affiliate.

Segmented Information

The directors have determined the company's principal classes of business, as defined by the Canada Business Corporations Act, to be oil and gas and mining. Financial information relating thereto is disclosed in the Consolidated Statement of Segmented Information.

13. SUBSEQUENT EVENT

In February 1987, the company sold its investment in Lacana Mining Corporation for cash proceeds of $34,661,000 (book value of $31,903,000).

WESTMIN RESOURCES LIMITED

Statement of Quarterly Consolidated Earnings During 1986

(unaudited)

	First	Second	Third	Fourth	Total
	(in thousands)				
Earnings by segment before unallocated expenses					
Oil and gas	$11,476	$ 1,749	$ 2,338	$ 4,131	$19,694
Mining	921	5,781	7,707	3,990	18,399
Investment income	1,655	2,481	2,517	2,676	9,329
	14,052	10,011	12,562	10,797	47,422
Unallocated expenses					
Mineral exploration	1,402	1,042	1,647	(454)	3,637
Interest	9,636	10,213	8,423	8,295	36,567
General and administrative	1,264	1,511	1,263	1,492	5,530
Income and resource taxes	195	(2,474)	(2,880)	(1,801)	(6,960)
	12,497	10,292	8,453	7,532	38,774
Net earnings	$ 1,555	$ (281)	$ 4,109	$ 3,265	$ 8,648
Earnings per common share	$ (.06)	$ (.12)	$ 00	$ (.03)	$ (.21)

WESTMIN RESOURCES LIMITED

Consolidated Statement of Segmented Information

	1986				1985 (Restated)			
	Oil and Gas	Mining	Other and Unallocated	Consolidated Total	Oil and Gas	Mining	Other and Unallocated	Consolidated Total
	(in thousands)				(in thousands)			
Revenue								
Domestic	$ 93,838	14,224		108,062	$134,344	15,393		149,737
Export		72,172		72,172		12,195		12,195
Investment income			9,329	9,329			7,851	7,851
	93,838	86,396	9,329	189,563	134,344	27,588	7,851	169,783
Expenses								
Royalty expense	14,451			14,451	21,215			21,215
Cost of production	33,501	51,918		85,419	27,642	21,242		48,884
Mineral exploration		3,637		3,637		3,564		3,564
Interest	9,215	19,070	8,282	36,567	7,375		1,525	8,900
General and administrative			5,208	5,208			4,628	4,628
Depletion and depreciation	26,192	16,079	322	42,593	22,749	2,385	388	25,522
Earnings from operations	10,479	(4,308)	(4,483)	1,688	55,363	397	1,310	57,070
Income and resource taxes	2,233	(5,147)	(4,046)	(6,960)	26,005	(104)	(1,109)	24,792
Share of loss of Lacana Mining Corporation							1,826	1,826
Net earnings	$ 8,246	839	(437)	8,648	$ 29,358	501	593	30,452
Current assets	$ 22,553	18,866	154,939	196,358	$ 33,686	16,978	94,607	145,271
Investments	417	9,094	32,986	42,497	754	9,179	31,903	41,836
Property, plant and equipment	385,908	261,829	2,152	649,889	427,449	278,413	1,838	707,700
Total assets	$408,878	289,789	190,077	888,744	$461,889	304,570	128,348	894,807
Capital expenditures	$ 30,534	5,638	693	36,865	$186,538	101,930	500	288,968

WESTMIN RESOURCES LIMITED

Ten Year Summary of Changes in Cash Position

FOR THE YEARS ENDED DECEMBER 31

	1986	1985	1984
	$	$	$
Funds provided:			
Operations before mineral exploration	52,125	80,007	66,873
Mineral exploration expense	3,637	3,564	3,995
Net from operations	48,488	76,443	62,878
Reduction in long-term receivable	650	650	250
Proceeds from sale and leaseback transaction	35,010		
Long-term debt increase		199,707	77,000
Advances			
Share capital, net of issue costs	37,189	3,564	1,778
Changes in other working capital	29,821	(365)	15,303
Other	(1,459)	4,272	487
	149,699	284,271	157,696
Funds used:			
Investments	52	24	782
Property, plant and equipment	36,865	288,968	145,038
Long-term debt decrease	29,045		
Advances repaid			
Dividends	24,493	22,996	23,639
	90,455	311,988	169,459
Increase (decrease) in cash and short-term investments	59,244	(27,717)	(11,763)
Cash and short-term investments at beginning of year	94,679	122,396	134,159
Cash and short-term investments at end of year	153,923	94,679	122,396

Operations Summary

		1986	1985	1984
Production				
Crude oil and natural gas liquids	barrels	2,955,100	2,354,250	1,633,100
Daily average	barrels	8,096	6,450	4,462
Natural gas	mmcf	21,520	20,944	16,285
Daily average	mmcf	59	57	44
Ore delivered to the mill	tonnes	1,066,664	585,670	203,636
Payable metal (000's)				
Gold (oz.)		44	23	12
Silver (oz.)		966	707	542
Copper (lbs.)		45,492	17,088	3,610
Lead (lbs.)		770	2,648	3,273
Zinc (lbs.)		96,238	54,165	24,373
Reserves — Gross Prove				
Crude oil and natural gas liquids	million barrels	27.1	21.1	12.8
Natural gas	Bcf	588	530	403
Ore	Thousand tons	12,698	13,171	9,525

(in thousands)

1983	1982	1981	1980	1979	1978	1977
$	$	$	$	$	$	$
70,453	72,183	63,415	60,082	47,272	27,614	20,790
3,383	4,283	5,199	4,007	4,319	1,640	2,239
67,070	67,900	58,216	56,075	42,953	25,974	18,551
250	250	250	500	400	400	400
39,000	24,000		22,000			
				5,000	2,000	
52,412	717	95,932	64	50	67	49
6,823	6,541	(13,623)	14,236	6,796	(12,699)	(7,678)
373	460	313	579	1,118	2,193	5,731
165,928	99,868	141,088	93,454	56,317	17,935	17,053
3,812	1,435	2,801	23,784	108	107	7
68,054	77,152	49,388	49,719	48,577	15,906	8,866
		22,000				
						5,504
23,151	21,376	16,923	28,554	3,141	267	267
95,017	99,963	91,112	102,057	51,826	16,280	14,644
70,911	(95)	49,976	(8,603)	4,491	1,655	2,409
63,248	63,343	13,367	21,970	17,479	15,824	13,415
134,159	63,248	63,343	13,367	21,970	17,479	15,824
1,227,100	961,045	770,200	695,362	409,900	327,600	257,000
3,362	2,633	2,100	1,900	1,123	898	704
16,036	15,144	15,422	15,374	13,570	14,800	14,797
44	41	42	42	37	41	41
248,376	287,580	246,150	278,245	266,877	269,035	269,069
17	20	17	19	20	18	16
781	959	783	786	791	841	914
4,814	5,344	4,824	5,941	6,296	5,923	5,322
4,195	4,801	4,305	5,125	5,425	5,409	5,353
28,317	33,488	29,212	33,656	36,509	35,868	33,318
10.8	9.7	6.7	6.1	4.9	3.2	2.7
386	411	410	364	324	275	276
883	1,021	1,057	1,092	1,144	1,273	1,460

WESTMIN RESOURCES LIMITED

Ten Year Financial Summary*

FOR THE YEARS ENDED DECEMBER 31

	1986	1985	1984
	$	$	$
Revenue			
Oil and gas	93,838	134,344	100,271
Mining	86,396	27,588	23,032
Investment income	9,329	7,851	10,075
	189,563	169,783	133,378
Expenses			
Royalty expense	14,451	21,215	15,072
Cost of production			
Oil and gas	33,501	27,642	22,087
Mining	51,918	21,242	20,607
Mineral exploration	3,637	3,564	3,995
General and administrative	5,208	4,628	3,941
Depletion and depreciation	42,593	25,522	13,921
Interest	36,567	8,900	119
Currency translation adjustments			
Other			
	187,875	112,713	79,742
Earnings from operations	1,688	57,070	53,636
Resource taxes	390	9,564	7,109
Income taxes			
Current	(2,753)	(2,000)	(3,179)
Deferred	(4,597)	17,228	15,455
	(6,960)	24,792	19,385
Earnings before the following	8,648	32,278	34,251
Share of earnings (loss) of Lacana Mining Corporation		(1,826)	(380)
Extraordinary items			
Net earnings (loss) for the year	8,648	30,452	33,871
Earnings (loss) per common share	(.21)	.40	.47
Cash flow			
(Before mineral exploration expense)	52,125	80,007	66,873
Capital expenditures			
Oil and gas			
Exploration	3,979	19,478	16,837
Development	26,571	32,956	32,264
Properties purchased (sold)		134,104	
Mining development	5,622	101,930	95,607
Other	693	500	330
Total capital expenditures	36,865	288,968	145,038
Working capital	117,006	87,583	114,935
Long term debt	310,662	339,707	140,000

* The 1984 and prior years have not been restated to reflect the change in accounting policy applied retroactively in the current financial statements (see Note 1).

(in thousands except per share amounts)

1983	1982	1981	1980	1979	1978	1977
$	$	$	$	$	$	$
85,090	70,452	54,633	48,982	29,415	26,778	21,638
34,025	47,504	42,760	42,071	43,639	21,130	15,647
9,572	6,918	8,690	3,633	7,152	2,577	1,156
128,687	124,874	106,083	94,686	80,206	50,485	38,441
15,794	11,128	10,823	9,113	5,064	4,315	3,624
14,366	11,984	8,204	5,958	2,954	2,165	1,817
22,492	22,740	16,161	14,741	12,890	10,915	11,112
3,383	4,283	5,199	4,007	4,319	1,640	2,239
4,558	3,949	3,167	3,089	2,022	1,278	1,465
10,599	8,051	8,670	7,924	5,466	4,895	4,968
		1,443	1,162	83		
		187	(288)	215	(507)	(642)
						213
71,192	62,135	53,854	45,706	33,013	24,701	24,796
57,495	62,739	52,229	48,980	47,193	25,784	13,645
6,969	6,737	4,264	2,867	4,465	988	162
(4,300)	(3,837)	(1,255)	(1,417)	2,658	715	(591)
17,483	20,700	17,309	15,950	12,944	7,706	4,351
20,152	23,600	20,318	17,400	20,067	9,409	3,922
37,343	39,139	31,911	31,580	27,126	16,375	9,723
2,683	673	1,035	350			
				835	688	4,203
40,026	39,812	32,946	31,930	27,961	17,063	13,926
.66	.65	.58	.71	.60	.32	.24
70,453	72,183	63,415	60,082	47,272	27,614	20,790
10,782	11,500	24,339	23,135	19,148	10,924	6,687
22,140	30,516	14,005	12,888	7,842	4,724	2,955
	11,200		2,686	20,171		(1,410)
34,557	23,411	10,248	10,782	1,063	230	552
575	525	796	228	353	28	82
68,054	77,152	49,388	49,719	48,577	15,906	8,866
140,452	76,364	83,000	19,401	42,240	44,545	30,191
63,000	24,000		22,000			

Corporate Information

Company Offices

Head Office
Principal Office
Petroleum Division
Suite 1800
Bow Valley Square III
255 - 5th Avenue S.W.
Calgary, Alberta T2P 3G6
(403) 298-2000

Principal Office
Mining Division
Suite 904
1055 Dunsmuir Street
P.O. Box 49066
Vancouver, British Columbia
V7X 1C4
(604) 681-2253

Mining Division
Eastern Exploration Office
Suite 1400
25 Adelaide Street East
Toronto, Ontario M5C 1Y2

Mine Office
P.O. Box 8000
Campbell River,
British Columbia V9W 5E2

Solicitors

Burnet, Duckworth & Palmer
Lawrence & Shaw

Auditors

Touche Ross & Co.

Registrar and Transfer Agent

The Royal Trust Company

Shares Listed

Toronto Stock Exchange
Montreal Exchange
Vancouver Stock Exchange

Trading Range 1986
($ PER SHARE)

	Common Shares			Class B Convertible Preferred Shares		
	High	Low	Close	High	Low	Close
Q1	13.00	8.63	10.13	26.88	21.75	22.00
Q2	10.00	7.13	7.38	23.88	18.88	19.63
Q3	8.50	6.38	7.75	23.75	19.38	22.00
Q4	8.75	7.00	8.75	23.00	19.63	20.00

Board of Directors

Neil W. Baker*
Winnipeg, Manitoba
President and Chief
Executive Officer,
The Winnipeg Supply & Fuel
Company Limited

Jack L. Cockwell
Toronto, Ontario
Executive Vice-President
and Chief Operating Officer,
Brascan Limited

Gilles M. Dionne †
Saint-Bruno, Quebec
Consulting Geologist

J. Trevor Eyton O.C. †
Toronto, Ontario
President and Chief
Executive Officer
Brascan Limited

A. William Farmilo
Pender Island, B.C.
Past Chairman of the Board

Norman R. Gish
Calgary, Alberta
President and Chief
Executive Officer
North Canadian Oils Limited

Patrick J. Keenan † *
Toronto, Ontario
Chairman and Chief
Executive Officer
Keewhit Investments Limited

Paul M. Marshall †
Toronto, Ontario
President and Chief
Executive Officer

John A. McLallen*
Vancouver, B.C.
Private Investor

Douglas W. Miller †
Calgary, Alberta
Executive Vice-President and
President, Petroleum Division

Gordon H. Montgomery †
Vancouver, B.C
Executive Vice-President and
General Manager,
Mining Division

Richard H. Ostrosser
Calgary, Alberta
Executive Vice-President and
President, Mining Division

Marcel J. Tremblay*
Calgary, Alberta
President and Chief Executive
Officer, Enerplus Energy
Services Ltd.

Donald D. Webster FCA
Calgary, Alberta
Executive Vice-President
Finance & Administration

Harold M. Wright C.C. †
Vancouver, B.C.
Chairman
Wright Engineers Ltd.

† *Member, Executive Committee*
* *Member, Audit Committee*

Company Officers and Senior Personnel

J. Trevor Eyton O.C. — Chairman of the Board

Paul M. Marshall — President and Chief Executive Officer

Douglas W. Miller
Executive Vice-President
and President
Petroleum Division

John B. Killick
Vice-President
Corporate Development

Richard H. Ostrosser
Executive Vice-President
and President
Mining Division

Raymond O. Hampton
Corporate Secretary

Donald A. Repka
Assistant Corporate Secretary

Donald D. Webster FCA
Executive Vice-President
Finance and Administration

Ross A. Mitchell
Treasurer

H. William Verveda
Corporate Controller

Petroleum Division Principal Officers —

Douglas W. Miller
President

Cameron G. Troyer
Vice-President, Production

Wayne K. Watmough
Vice-President, Heavy Oil

Ronald R. Talbot
Vice-President, Exploration

Mining Division Principal Officers —

Richard H. Ostrosser
President

Gordon H. Montgomery
Executive Vice-President
and General Manager

George W. Flumerfelt
Vice-President, Operations

Dr. Arthur E. Soregaroli
Vice-President, Exploration

Neil S. Seldon
Vice-President, Marketing

Westmin Resources Limited
Suite 1800, Bow Valley Square III
255- 5th Ave. S.W.
Calgary, Alberta
T2P 3G6

Designed by
Titian Communications Ltd.

lawson graphics western
PRINTED IN CANADA