

GIBALTAR MINE

The Gibraltar Mine, formerly called the McLeese Lake Operation of Gibraltar Mines Limited, is a new addition to Westmin. Gibraltar is a large scale, 37,000-tonne-per-day, open pit copper mine located in south central British Columbia. The mine produces copper concentrate, molybdenum concentrate and solvent extraction electrowinning (SX-EW) cathode copper metal from oxide ores.

The mine employs approximately 270 people, most of whom reside in the Williams Lake area of British Columbia.

Although Westmin acquired Gibraltar on October 15, 1996 and has included its financial results since that time, the mine site production statistics contained in this Annual Report cover the full calendar year.

Copper production for 1996 was 2.2 percent less than budget due in part to reduced tonnage throughput resulting from increased ore hardness but, mine cash costs per pound of copper were 0.2 percent better than budget. This achievement can be attributed to personal involvement and excellent teamwork by all employees on the property.

MINING

During 1996, a total of 13.3 million tonnes of ore was mined compared with 13.2 million in 1995. Strip ratios for 1996 and 1995 were 0.61 and 1.51 respectively and corresponding daily production rates were 59,100 and 65,900 tpd. Unit mining costs in 1996 were \$0.79 per tonne mined compared with \$0.62 in 1995. The higher 1996 unit costs were due to rehandling of low grade ore and longer, deeper, adverse truck hauls.

MILLING

Ore from the mine is crushed in an in-pit crusher and conveyed to the mill for secondary crushing, followed by grinding and flotation. The mill processed 13.2 million tonnes of ore during 1996, at an average grade of 0.28 % copper compared with 13.9 million tonnes at 0.27 % copper in 1995.

Copper recovery averaged 79.5 percent in 1996 compared with 74.9 percent in 1995, resulting in concentrate production of 104,134 tonnes in 1996 versus 96,253 the year before.

Copper production for the year totaled 69.8 million pounds of which, 64.2 million pounds were contained in concentrate and 5.6 million pounds as cathode copper. This compares with total copper produced in 1995 of 66.9 million pounds including cathode copper of 5.7 million pounds. Cathode production is being maintained by increased acid additions to cure heaps, thereby improving recovery. The molybdenum circuit was reconstructed and put into service in November 1995, producing 67,400 pounds of molybdenum for the duration of that year followed by 401,900 pounds in 1996.

1996 Production
31,720 tonnes Cu

2,542 tonnes

29,147 tonnes

182.4 tonnes

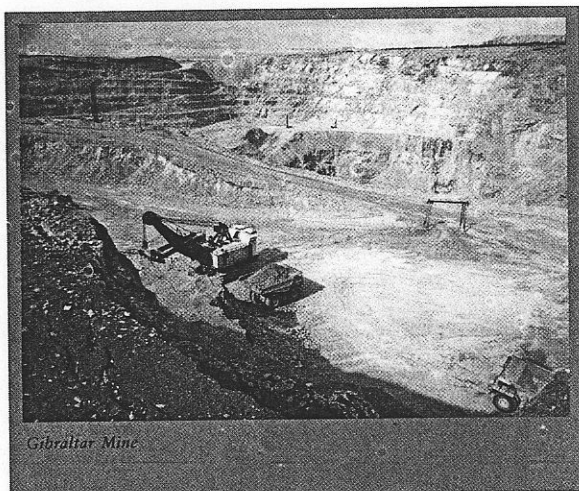


Gibraltar Mine

Capital expenditures on the property during 1996 were \$8.5 million (\$4.9 million for two new 240 ton trucks) compared to \$4.3 million in 1995. These acquisitions are not reflected in Westmin's financial reports because they occurred prior to the acquisition.

A large proportion of the remaining ore at Gibraltar occurs in three separate copper-molybdenum mineralized zones, namely Gibraltar East, Pollyanna and Granite Lake. A small zone of oxide copper ore has been delineated, between the Pollyanna and Gibraltar East Pits, called the Pollyanna - Gibraltar East Connector Zone. All Zones

are contained within an area of about 4.5 kilometres west to east and 2.5 kilometres north to south.



The Gibraltar East reserves were reduced by 4.3 million tonnes because of design changes to improve wall stability and to compensate for reduced mill production due to increased ore hardness. The Pollyanna block model was refined with the addition of data from 11 new diamond drill holes. The average strip ratio for the millable reserves is 1.35 to 1.

S.R.

Cuisson Lake Mines Ltd. holds a parcel of claims on the south east corner of the Granite Lake pit. At the end of December 1996, reserves for Cuisson Lake were 3.8 million tonnes grading 0.344% copper and 0.010% molybdenum at a strip ratio of 4.2:1. This material will be mined in the sequence established by the overall mining plan covering the life of the Gibraltar Mine operation.

Based on the forecast milling rate and given a sufficient copper price it is estimated that current reserves will sustain operations for about 11 years, without taking into account cathode production, which could continue at low levels for many years.

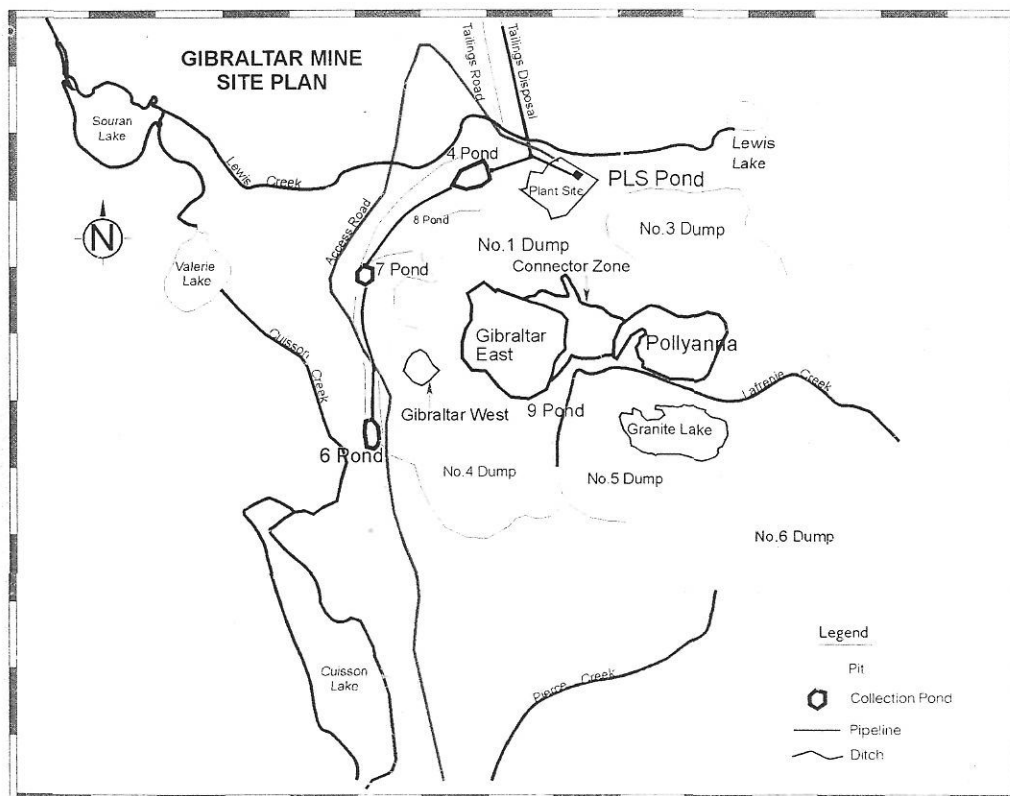
EXPLORATION

A total of 2,427 metres (16 holes) of drilling was completed during the summer of 1996.

Eleven holes were drilled on the north side of the Pollyanna Stage IV pit for the purpose of delineating the north extension of the ore zone. The program confirmed the limits of the zone with no major shift in reserves.

PRODUCTION SUMMARY

| | | 1996 | 1995 | Since Start-up(1972) |
|--|-------------|------------|------------|-------------------------|
| Ore Milled (tonnes) | | 13,161,757 | 13,885,230 | 280,867,278 |
| Number of operating days | | 366 | 365 | 8,105 |
| Average tonnes per operating day | | 35,961 | 37,960 | 34,655 |
| Grade of Ore | | | | |
| Copper | (%) | 0.28 | 0.27 | 0.35 |
| Molybdenum | (%) | 0.014 | 0.010 | 0.016 |
| Copper Concentrate | | | | |
| Tonnes | | 104,134 | 96,253 | 2,810,572 |
| Copper grade | (%) | 28.05 | 28.84 | 27.76 |
| Copper recovery | (%) | 79.49 | 74.94 | 79.36 |
| Payable Copper | (000's lbs) | 61,947 | 59,092 | 1,658,690 |
| Cathode Copper | (000's lbs) | 5,634 | 5,724 | 75,010 |
| Contained Molybdenum in Concentrate | (000's lbs) | 402 | 67 | 18,808 |



British
Columbia

SULPHIDE ORE RESERVES as of December 31 1996

Mineable & Millable Reserves
(sulphides)

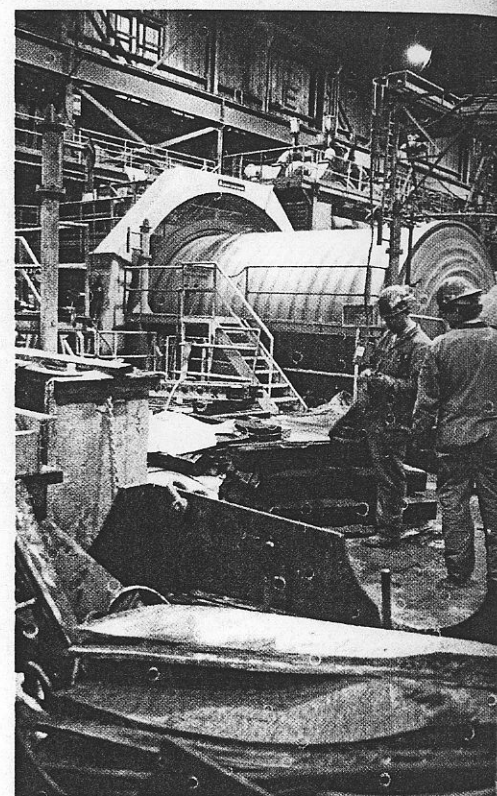
| Zone/Deposit | Proven & Probable (Tonnes) | Copper (%) | Molybdenum (%) | Cutoff (%Cu) |
|---------------------------|-------------------------------|---------------|-------------------|-----------------|
| Pollyanna | 42,633,000 | 0.300 | 0.009 | 0.20 |
| Granite Lake | 73,658,000 | 0.305 | 0.009 | 0.20 |
| Gibraltar East | 26,253,000 | 0.302 | 0.008 | 0.18 |
| TOTAL | | | | |
| as of December 31 1996 | 142,544,000 | 0.303 | 0.009 | |
| as of December 31 1995 | 161,300,000 | 0.296 | 0.009 | |

OXIDE ORE RESERVES as of December 31 1996

Mineable and Leachable
Reserves (oxides)

| Zone/Deposit | Proven & Probable (Tonnes) | Copper (%) (Total) | ASCu* (%) (Oxide) | Cutoff (% ASCu) (Total) |
|------------------------------|-------------------------------|--------------------------|-------------------------|-------------------------------|
| Pollyanna Stage IV | 1,948,000 | 0.217 | 0.141 | 0.10 |
| Pollyanna Gib East Connector | 1,091,000 | 0.372 | 0.293 | 0.10 |
| TOTAL | | | | |
| as of December 31 1996 | 3,039,000 | 0.273 | 0.197 | 0.10 |
| as of December 31 1995 | 1,091,000 | 0.372 | | |

* % ASCu - Acid Soluble Copper is a Measure of Oxide Copper Content



Inside the mill at the Gibraltar Mine

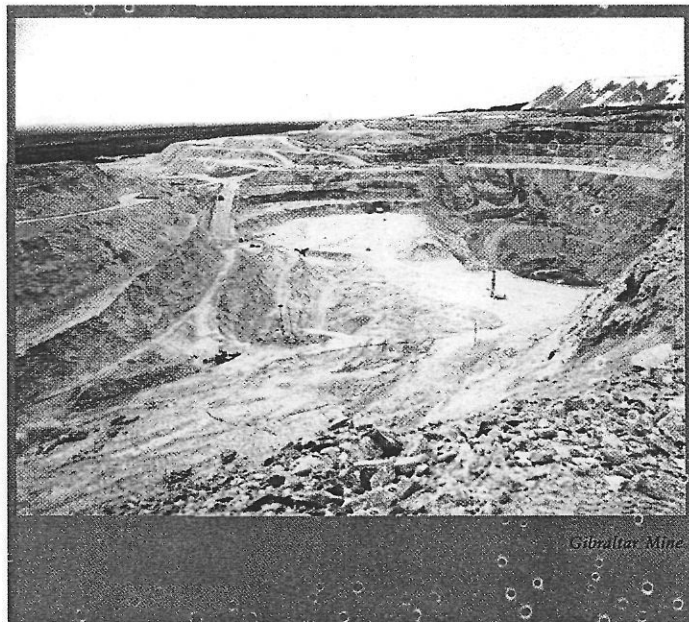
The information received from the five diamond drill holes on the Sawmill Mineral Claim Group (located approximately three kilometres due south of the Gibraltar minesite) enhanced the geological model and verified the down dip extension of the Sawmill mineralized Zone. The high level mineralization found in three holes could possibly increase the reserves, however deeper mineralization encountered may not be economical due to a higher strip ratio. Further delineation drilling on the Sawmill Zone is required to properly determine the extent and economic viability of this deposit.

Exploration work in 1997 will involve diamond drilling in the Pollyanna - Gibraltar East Connector area of the Gibraltar Mine Property. Geological mapping and a geochemical survey will also be conducted on the GM claims (adjacent to the Pollyanna pit).

ENVIRONMENT

The Gibraltar Mine operates a zero-discharge facility with all water on the property being contained and recycled through the mill as make-up water. The only planned losses are through evaporation.

There were seven reported incidents in 1996, of which only one was considered significant: A pipeline rupture at the Gibraltar Mine on March 24 1996 resulted in a spill of approximately 227 m³ of surface runoff and acidic mine water before the valve was closed. This incident was reported to the British Columbia Ministry of the Environment, Lands and Parks and an investigation is pending. The Company does not believe any environmental damage was caused by the accident and does not know if a prosecution will be filed against it with respect to this spill event. An action plan from the 1995 Environmental Audit was completed during the year and the most significant findings are being addressed on a timely basis.



RECLAMATION

As part of an ongoing process of technical and legislative review, the amount of the reclamation and post closure water treatment costs have been estimated to be \$35.0 million. A comprehensive research program has been

FINANCIAL HIGHLIGHTS

(thousands except per share data)

| | 1996 | 1995 |
|--|------------|------------|
| Revenues | \$ 100,764 | \$ 110,733 |
| - Mining | 96,289 | 106,131 |
| - Investment and other income | 4,475 | 4,602 |
| Cash Flow From Operations | (5,262) | 25,571 |
| Net Income | 21,298 | 11,764 |
| Net Income Per Share | 0.23 | 0.12 |
| Long-Term Debt | 38,095 | 85,525 |
| Capital Expenditures | 34,541 | 19,938 |
| Total Assets | 609,467 | 227,558 |
| Shareholders' Equity | 409,094 | 111,116 |
| Common Shares Outstanding | | |
| Total at December 31 | 94,959,996 | 56,416,071 |
| Annual Average | 68,088,945 | 47,213,790 |
| Common Shares traded on the Toronto Stock Exchange | 75,942,268 | 6,029,335 |

OPERATING HIGHLIGHTS

Myra Falls Operations

| | | |
|--------------------------------------|------------|------------|
| Ore Milled | | |
| - Tonnes | 1,267,583 | 1,197,399 |
| - Daily average (tonnes/24 hour day) | | |
| - based on operating days | 3,487 | 3,299 |
| - based on calendar days | 3,473 | 3,281 |
| Production: Payable Metals | | |
| Gold (oz.) | 22,101 | 22,221 |
| Silver (oz.) | 382,386 | 397,820 |
| Copper (000 lbs.) | 37,252 | 46,132 |
| Zinc (000 lbs.) | 81,631 | 49,651 |
| Geological Reserves (tonnes) | 12,345,900 | 13,645,260 |

Gibraltar Mine (1)

| | | |
|---------------------------------------|-------------|-------------|
| Ore Milled | | |
| - Tonnes | 13,161,000 | 13,855,000 |
| - Daily average (tonnes/24 hour day) | | |
| - based on operating days | 36,061 | 37,920 |
| - based on calendar days | 36,051 | 37,920 |
| Production: Payable Metals | | |
| Copper in concentrate (000's lb.) | 61,947 | 59,092 |
| Copper in cathode (000's lb.) | 5,634 | 5,724 |
| Molybdenum in concentrate (000's lb.) | 402 | 67 |
| Mineable Reserves (tonnes) | 145,583,000 | 162,391,000 |

(1) Production statistics are for the full years 1995 and 1996, however Westmin has included Gibraltar financial contribution only from October 16 1996.