

CONSOLIDATED STATEMENT OF EARNINGS

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars except per share data)	1991	1990	1991	1990
Revenue	\$	\$	\$	\$
Mining	25,239	30,806	52,227	60,299
Investment and other income	7,411	7,478	13,283	15,004
	32,650	38,284	65,510	75,303
Expenses				
Operating and administrative	25,805	24,801	52,094	46,333
Mineral exploration	228	1,204	449	1,899
Depletion and depreciation	7,915	6,958	15,342	14,162
Minority interest	63	—	120	—
	34,011	32,963	68,005	62,394
Earnings before financing and taxes	(1,361)	5,321	(2,495)	12,909
Interest	4,448	5,774	8,415	11,214
Income and resource taxes	41	204	122	407
Net earnings (loss)	(5,850)	(657)	(11,032)	1,288
Earnings (loss) per common share	(0.24)	(0.13)	(0.47)	(0.19)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(thousands of dollars)	Six Months Ended June 30	
	1991	1990
Operating activities		
Funds provided before mineral exploration	1,472	15,990
Financing activities		
Long-term debt	40,200	(43,493)
Repayment of gold loan	(25,267)	—
Preferred shares redemption	(5,313)	(6,125)
Common share capital	2,912	104
Issue of preferred shares by subsidiary	—	100,000
Dividends	(11,735)	(12,637)
Other	(1,849)	(5,945)
	(1,052)	31,904
Investment activities		
Net investments	—	(100,200)
Property, plant and equipment	(818)	(5,660)
Mineral exploration	(450)	(1,899)
	(1,268)	(107,759)
Cash and short-term investments		
Net increase (decrease)	(848)	(59,865)
Balance		
Beginning of period	952	78,474
End of period	104	18,609

CONSOLIDATED CONDENSED BALANCE SHEET

(thousands of dollars)	June 30 1991	December 31 1990
ASSETS		
Cash and short-term investments	104	952
Accounts receivable and inventories	21,571	15,324
Investments	363,563	363,334
Property, plant and equipment	181,021	195,547
	566,259	575,157
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities	56,316	45,043
Long-term debt	134,900	107,200
Deferred credits	—	22,702
Minority interest	100,000	100,000
Shareholders' equity	275,043	300,212
	566,259	575,157

NOTES TO FINANCIAL STATEMENTS
 For the Six Months Ended June 30, 1991

These financial statements are unaudited, but include all adjustments which in management's opinion are necessary for a fair presentation.

Earnings per common share have been calculated after deducting dividends paid on preferred shares.

Myra Falls
885861


SECOND QUARTER REPORT

June 30, 1991



TO THE SHAREHOLDERS

Westmin incurred a net loss of \$5,850,000 in the second quarter compared to a net loss of \$657,000 for the same period last year. After provision for preferred dividends, loss per common share for the second quarter was \$0.24 for 1991 versus \$0.13 for 1990. The first half net loss was \$11,032,000 which after preferred dividends resulted in a loss of \$0.47 per common share. In the comparable period in 1990 there was net earnings of \$1,288,000 which resulted in a net loss of \$0.19 per share after preferred dividends.

Gross revenues for the second quarter were \$32,650,000 or \$5,634,000 below last year. Cash flow from operations amounted to \$661,000 compared with \$6,835,000 for the second quarter of 1990. For the first six months of 1991 cash flow was \$1,472,000 versus \$15,990,000 in 1990.

MYRA FALLS OPERATIONS

During the second quarter there was an operating loss of \$9,086,000 compared to an operating profit of \$420,000 in the corresponding period of 1990. Cash flow after capital expenditures was a \$3,342,000 deficit versus a \$3,370,000 contribution last year. A combination of lower copper and zinc grades, lower metal prices, and higher Canadian dollar continued to adversely impact operating results. Of all these factors, the metal price decline had the greatest impact.

The changeover to longhole mining continued during the quarter and in June approximately 60 per cent of the ore came from longhole stopes. Although this rate is not yet sustainable, it will be by year end. Improvements over the second quarter 1990 were also noted in the milling rate and operating costs but ore grades were still well below last year.

The key operating parameters are tabulated below:

	Second Quarter 1991	Second Quarter 1990
Tonnes ore milled	321,704	291,512
Ore grades		
Gold (g/tonne)	2.07	2.17
Silver (g/tonne)	25.39	31.62
Copper (%)	1.74	2.00
Zinc (%)	3.23	3.79
Tonnes concentrates produced		
Copper	19,498	21,263
Zinc	15,667	18,059
Operating and Capital Costs (\$/tonne)	62.22	72.92

MYRA FALLS EXPLORATION

Underground diamond drilling during the quarter focused on the high grade ore intersections in the Gap Zone first announced on May 6. By the end of the quarter machines were drilling on three sections and the strike length of the rich zone had been traced for over 140 metres. Drilling continues in this zone and in July it was announced that development access of the zone from the 18 Level in the H-W mine had started.

PREMIER GOLD OPERATIONS

Premier reported an operating profit of \$152,000 this quarter, compared to a loss of \$927,000 last year. Cash flow after capital was a positive \$201,000 compared to a previous shortfall of \$269,000 in the second quarter last year. (Commencing in the first quarter of 1991, Westmin has reported 100% ownership interest in the Premier as opposed to 50.1% last year.)

Operating cost efficiencies and productivity gains were responsible for the cash flow improvement. Cash operating costs declined 34% to average U.S. \$365 per ounce in spite of reduced ore grades. Net refinery return averaged U.S. \$357 per ounce or 4% less than last year due to lower prices, but higher hedging gains more than offset the difference to result in a small profit. The operation continues with its zero lost time accident record and was recipient of both provincial and national awards for this achievement.

The key operating parameters are tabulated below based on 100% interest:

	Second Quarter 1991	Second Quarter 1990
Tonnes ore milled	164,753	196,989
Ore grades		
Gold (g/tonne)	2.31	2.60
Silver (g/tonne)	59.32	53.47
Metals produced (ounces)		
Gold	11,521	13,400
Silver	117,883	153,907
Operating and capital costs (US \$/oz.)	365	515

OTHER

Operating profits from other sources were consistent with second quarter 1990. Coal profit was \$1,164,000 and investment and other income was \$7,411,000.

Other expenses were sharply down from last year. Mineral exploration totalled \$228,000 compared with \$1,204,000 and corporate administration was \$579,000 or 59% below last year.

OUTLOOK

With metal prices and the exchange rate expected to remain flat for the balance of the year, further improvements must come from higher tonnage and grades as well as cost savings. At Myra Falls, we are in the process of examining every activity to be sure it adds value. Those that do not will be stopped. We have made significant strides in cost reduction but we still have some distance to go to return to profitability at current prices and grades. Once we have achieved that, the high grades that will be contributed by the Gap ore along with expected price recoveries should result in satisfactory profits. At Premier, cost reduction programs introduced in early spring coupled with positive developments in the SB joint venture are expected to return a modest cash flow for the year. All remaining mineral inventory at Premier is being re-examined to determine if the reduced costs now being achieved would make it economic to mine.

DIVIDENDS

A dividend of \$0.53 per share has been declared payable September 30 to Class B Preferred Series 1 shareholders of record September 6 and a dividend of \$0.05 per common share has been declared payable November 30 to common shareholders of record, November 8.



Paul M. Marshall
Chairman of the Board



Walter T. Segsworth
President

Vancouver, British Columbia
August 14, 1991



FIRST QUARTER REPORT

March 31,
1991



CONSOLIDATED STATEMENT OF EARNINGS

	Three Months Ended March 31	
	1991	1990
(thousands of dollars – except per share data)		
	unaudited	
	\$	\$
Revenue		
Mining	26,988	29,493
Investment and other income	5,872	7,526
	32,860	37,019
Expenses		
Operating and administrative	26,289	21,532
Mineral exploration	221	695
Depletion and depreciation	7,427	7,204
Minority interest in	57	–
	33,994	29,431
Earnings before financing and taxes	(1,134)	7,588
Interest	3,967	5,440
Income and resource taxes	81	203
Net earnings (loss)	(5,182)	1,945
Earnings (loss) per common share (see note)	(0.23)	(0.06)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Three Months Ended March 31	
	1991	1990
(thousands of dollars)		
	unaudited	
	\$	\$
Operating Activities		
Funds provided before mineral exploration	811	9,155
Financing Activities		
Long-term debt	35,200	22,993
Repayment of gold loan	(25,267)	–
Preferred shares redemption	(4,757)	(5,352)
Common share capital	1,426	97
Dividends	(5,915)	(6,276)
Changes in non-cash working capital	(1,975)	(16,151)
Other	36	73
	(1,252)	(4,616)
Investment Activities		
Property, plant and equipment	(285)	(2,943)
Mineral exploration	(221)	(695)
	(506)	(3,638)
Cash and short-term investments		
Net increase (decrease)	(947)	901
Balance		
Beginning of period	952	78,474
End of period	5	79,375

CONSOLIDATED CONDENSED BALANCE SHEET

	March 31	December 31
	1991	1990
(thousands of dollars)		
	unaudited	
	\$	\$
ASSETS		
Cash and short-term investments	5	952
Other current	20,131	15,324
Investments	363,449	363,334
Property, plant and equipment	188,405	195,547
	571,990	575,157
LIABILITIES & SHAREHOLDERS' EQUITY		
Current	43,806	45,043
Long-term debt	142,400	107,200
Deferred credits	–	22,702
Minority interest	100,000	100,000
Shareholders' equity		
Preferred	196,203	201,525
Common	102,998	101,572
Contributed surplus	2,427	1,862
Retained earnings (deficit)	(15,844)	(4,747)
	571,990	575,157

NOTES TO FINANCIAL STATEMENTS For the Three Months Ended March 31, 1991

These financial statements are unaudited, but include all adjustments which in management's opinion are necessary for a fair presentation.

Earnings Per Common Share

Earnings per common share have been calculated after deducting dividends paid on preferred shares.

TO THE SHAREHOLDERS

During the first quarter, Westmin recorded a net loss of \$5,182,000 compared to net earnings of \$1,945,000 during the same period last year. After provision for preferred dividends, loss per common share was \$0.23 for 1991, versus \$0.06 loss for 1990.

Gross revenues for the first quarter were \$32,860,000, down from \$37,019,000 a year earlier. Cash flow from operations was \$811,000 compared to \$9,155,000 for the first quarter of 1990.

Myra Falls Operations

At Myra Falls, the first quarter recorded an operating loss of \$6,630,000 compared to an operating profit of \$1,010,000 in the corresponding period of 1990. A combination of lower production tonnage, lower copper grades, lower gold and zinc prices and higher Canadian dollar contributed to the lower revenues. Total property costs (including capital) at \$19,442,000 were slightly lower than the \$19,620,000 recorded in the first quarter last year.

Mill throughput was 296,531 tonnes, 34,306 tonnes lower than last year's comparable quarter. Conversion of stopes to the longhole open stoping method has resulted in high development footage but low production tonnages. In addition reduced copper grades as well as lower metal prices and a higher Canadian dollar compounded the revenue shortfall.

The key operating parameters are tabulated below:

	First Quarter 1991	First Quarter 1990
Tonnes ore milled	296,581	330,837
Ore grades		
Gold (g/tonne)	2.22	2.16
Silver (g/tonne)	33.40	28.70
Copper (%)	1.68	2.02
Zinc (%)	3.67	3.57
Tonnes concentrates produced		
Copper	18,709	25,168
Zinc	17,270	19,602

Myra Falls Exploration

Subsequent to the quarter's end significant exploration encouragement was obtained and on May 6 and 8 Westmin announced results of a discovery made in the "gap" area between the Ridge and H-W Zones at Myra Falls. The discovery comprises a 39.3 metre (core length) intersection of high-grade massive sulphides on the H-W horizon, drilled from Lynx Mine underground workings. The assay returns from the hole indicate grades more than three times the current mine ore value per tonne. They include an interval of 33.1 metres which graded (on a density-length-weighted basis) gold 3.6 g/tonne, silver 365.0 g/tonne, copper 4.5%, lead 0.5%, and zinc 18.5%. Additional holes are planned to assess the extent of this new zone.

Premier Gold Operations

Westmin recorded 100% of Premier Gold's operation this quarter with an operating loss of \$808,000. This compared with a loss of \$673,000 for the same quarter last year when a 50.1% ownership interest was held.

Premier milled, on a 100% basis, 179,401 tonnes in the first quarter of 1991 compared with 137,583 tonnes last year, an increase of 30.4%. Despite the extra tonnage milled, reduced grades dropped metal output by 3.4% to 11,234 ounces gold equivalent.

As announced previously, Premier Gold cut its production from 2,300 to 1,500 tonnes per day and reduced its workforce from 165 to 100 effective March 15. Also, at the end of the quarter, Premier's gold loan was replaced with a Canadian dollar loan. As the price of gold was significantly less than at the time it was borrowed, a substantial hedging gain was realized. The Company intends to credit the gain into income evenly over the year to match against gold production from Premier.

Other

Operating profit from the coal and industrial mineral leases was \$1,189,000 during the quarter compared to \$1,202,000 in 1990. Investment income was \$5,872,000, or \$1,654,000 lower than last year. This reduction reflects the impact of selling \$78,000,000 of our preferred shares portfolio in 1990. Interest expense for the quarter was \$3,967,000 or \$1,473,000 less than the previous year. Other cost reductions were experienced in corporate overhead which dropped 28% to \$492,000 for the quarter. Mineral exploration costs totalled \$221,000 compared to \$695,000 in 1990, partly a reflection of the Toronto office closure.

OUTLOOK

The economic outlook for metal prices is neutral to bearish for the balance of this year with a pick up expected in early 1992. Interest rates have fallen 3% so far this year which is beneficial to the Company and it is hoped that the overvalued Canadian dollar will also decline.

The Company's operations are both at turning points as we go through the second quarter. In that period, the future of Premier will be determined - either the mine will become a modest cash producer for the balance of 1991 and 1992, or an orderly shut-down will be planned for late fall. Myra Falls, particularly the H-W mine, will start to demonstrate some of the promise it holds with bulk mining and the associated cultural change. The process of making these changes has been slow and expensive. With the exception of the new "gap" discovery at Myra Falls, positive results have so far been elusive, but the time for realization is near.

DIVIDENDS

The usual dividends were declared on each class of shares. A dividend of \$0.53 per share has been declared payable June 30 to Class B Preferred Series 1 shareholders of record June 7 and a dividend of \$0.05 per common share has been declared payable August 31, to common shareholders of record August 9, 1991.



Paul M. Marshall
Chairman of the Board



Walter T. Segsworth
President

Vancouver, British Columbia
May 9, 1991