

**Premier Gold Project
 (Silbak Premier/Big Missouri)**

- Gold Deposits
- Waste Dump
- Plant Site
- Tailings Disposal Area

Mineral Exploration

Westmin continued an aggressive search for precious metal deposits in 1987. Significant gold values were encountered in surface outcrops and/or diamond drill core on ten of the 20 joint venture properties managed by Westmin. Expenditures on exploration properties totalled \$14 million, approximately \$8 million of which was contributed by joint venture participants.

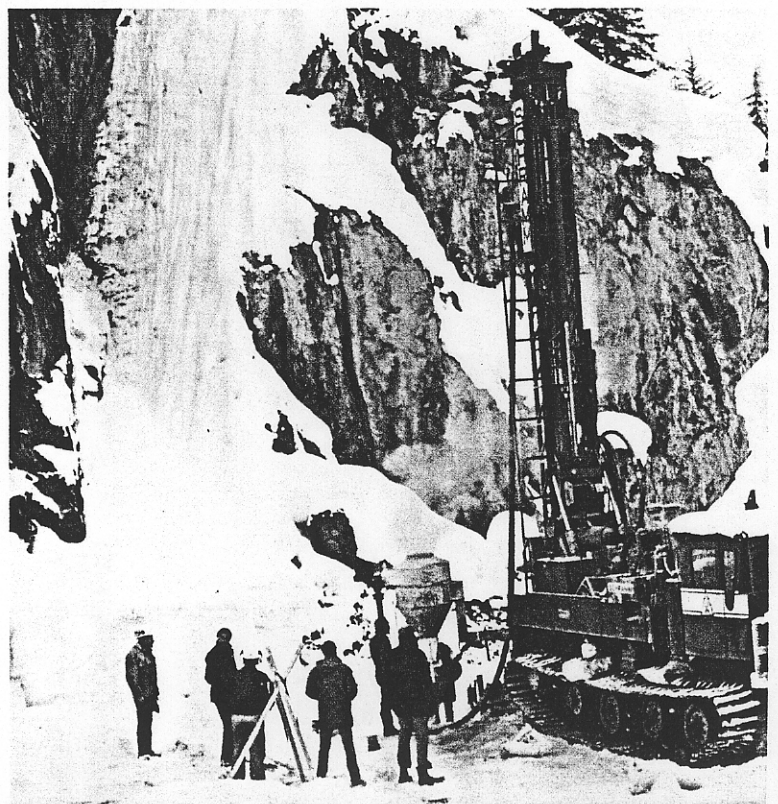
Highlight of the year was the decision to bring the Silbak Premier/Big Missouri project to production.

Premier Gold Project

After years of methodical exploration, evaluation and negotiation, the Silbak Premier and Big Missouri gold/silver properties, near Stewart, British Columbia, have been unitized and will be brought into production in early 1989.

With a 50.1 per cent working interest, Westmin remains operator of the development, which is now known as the Premier Gold Project.

Based on a production rate of 2,200 tons (2,000 tonnes) per day, final feasibility studies indicate an annual output of approximately 77,000 ounces of gold and 890,000 ounces of silver, over the first four years of operation. An average cash production cost of US\$164 per ounce for gold and \$2.66 per ounce for silver is assumed for this period. Based on current precious metals prices and exchange rates, average



annual cash flow (before financing and taxes) is estimated at approximately \$30,000,000, and payback is expected in approximately 2.5 years.

The Premier Gold Project will develop separate open pit gold/silver mines on the near surface portions of the famous Premier underground gold/silver mine which operated from 1918 to 1968 and several deposits on the nearby Big Missouri property, which was also a producer during that period. Initial production emphasis will be on the higher grade portion of the Silbak Premier pit.

Capital cost excluding working capital, inflation and interest is expected to total \$80,350,000 of which approximately \$5,000,000 has already been expended on roads, site preparation and various environmental and regulatory studies. Negotiations are proceeding with a number of institutions regarding financing . . . probably involving some form of bullion loan. The total employment during construction of this project is expected to peak at 220 people with the required operating staff estimated at 160 people.

Currently defined open pit mineable reserves include 6.5 million tons (5.9 million tonnes) at Silbak Premier, grading 0.063 ounces gold per ton and 2.34 ounces silver per ton plus 1.8 million tons (1.6 million tonnes) at Big Missouri, grading 0.105 ounces gold per ton and 0.86 ounces silver . . . sufficient for 10.5 years production.



An added \$3,000,000 will be expended in 1988 on additional exploration to upgrade existing geological reserves to the mineable category; to extend reserves, and to investigate new areas of indicated potential for both open pit and underground reserves. Evaluation of the historical drill hole data and extensive underground workings at Silbak Premier is in progress to define targets which will begin to be tested later this year. Similarly, diamond drilling will test the deeper parts of the open pit zones at Big Missouri.

Locating diamond drill sites on the Big Missouri property which is now part of the Premier Gold Project.

Drill at work in Glory Hole area of Silbak Premier property (Premier Gold Project) near Stewart, B.C.