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George Cross News Letter

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WESTMIN RESOURCES LTD.

[WMI-V, T] 56,518,321 SHS.

SECOND QUARTER UPDATE - Bruce K. McKnight, vice president, corporate affairs, Westmin Resources Ltd., reports second quarter earnings will be affected by developments in its coal assets, the copper price and at its Myra Falls mining operations on Vancouver Island, BC. Westmin has exercised its option to sell the its coal assets to Brascan Ltd. for total consideration of \$80,000,000. This transaction will result in a one-time gain of about \$65,000,000 in second quarter earnings. Under the sale agreement, Brascan will partially satisfy the purchase price by assuming Westmin's obligations under its coal-related debt and associated foreign exchange hedging contracts. The balance of the purchase price, about \$35,000,000, will be paid in cash. Closing of this transaction is anticipated by the end of July, at which time Westmin will have reduced its long term debt to less than \$40,000,000, will have cash about \$130,000,000 and will be well positioned to advance its growth and acquisition strategy.

The recent fall in the price of copper will result in a decrease of earnings from operations as copper inventories are currently carried on the books at US \$1.10/lb and only 20% are covered by hedges.

At Myra Falls, development in the new high grade Battle Zone area on 18 Level has been slow with extra ground reinforcing required in some places. The poor rock conditions extend into the even higher grade Gopher Zone stoping areas with the result production of high grade ore is behind schedule. Future stopes are designed to be

smaller with less roof and wall exposure, which will marginally increase operating cost but will avoid problems associated with poor ground. On 24 Level, ground conditions have been good and work is now completed out to the area beneath the Battle/Gap/Gopher Zones and the raises connecting 24 Level to 18 Level are being driven. Completion of these raises by October, will allow efficient rail haulage of Battle Zone ore to the shaft rather than using the 18 Level truck haulage with its high operating costs. Second quarter milling rates have been excellent, averaging about 3,700 tonnes per day and with the influence of some better grade material from the Gopher Zone, concentrate production, while still well below plan, is running about 7% higher than the first quarter.

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