

The company's commitment to serving the ongoing needs of its customers was given further impetus in 1982 with the formation of a wholly-owned marketing subsidiary.

In June 1983, this subsidiary also underwent a name change from B.C. Coal International to Westar Mining International. It is responsible for the worldwide sales and marketing of Westar Mining's products. Because of its close working relationship with the production and shipping units, Westar Mining International can respond quickly and efficiently to customer requirements.

The marketing company has three main objectives: to serve current contracts and customers; to expand the sale of coal from the company's existing mining operations; and to develop new markets for coal produced by new and expanded mine facilities.

Since its official inception in April 1982, Westar Mining International has signed a number of new contracts for metallurgical and thermal coal and is currently engaged in negotiating other contracts with potential customers in Asia and Europe.

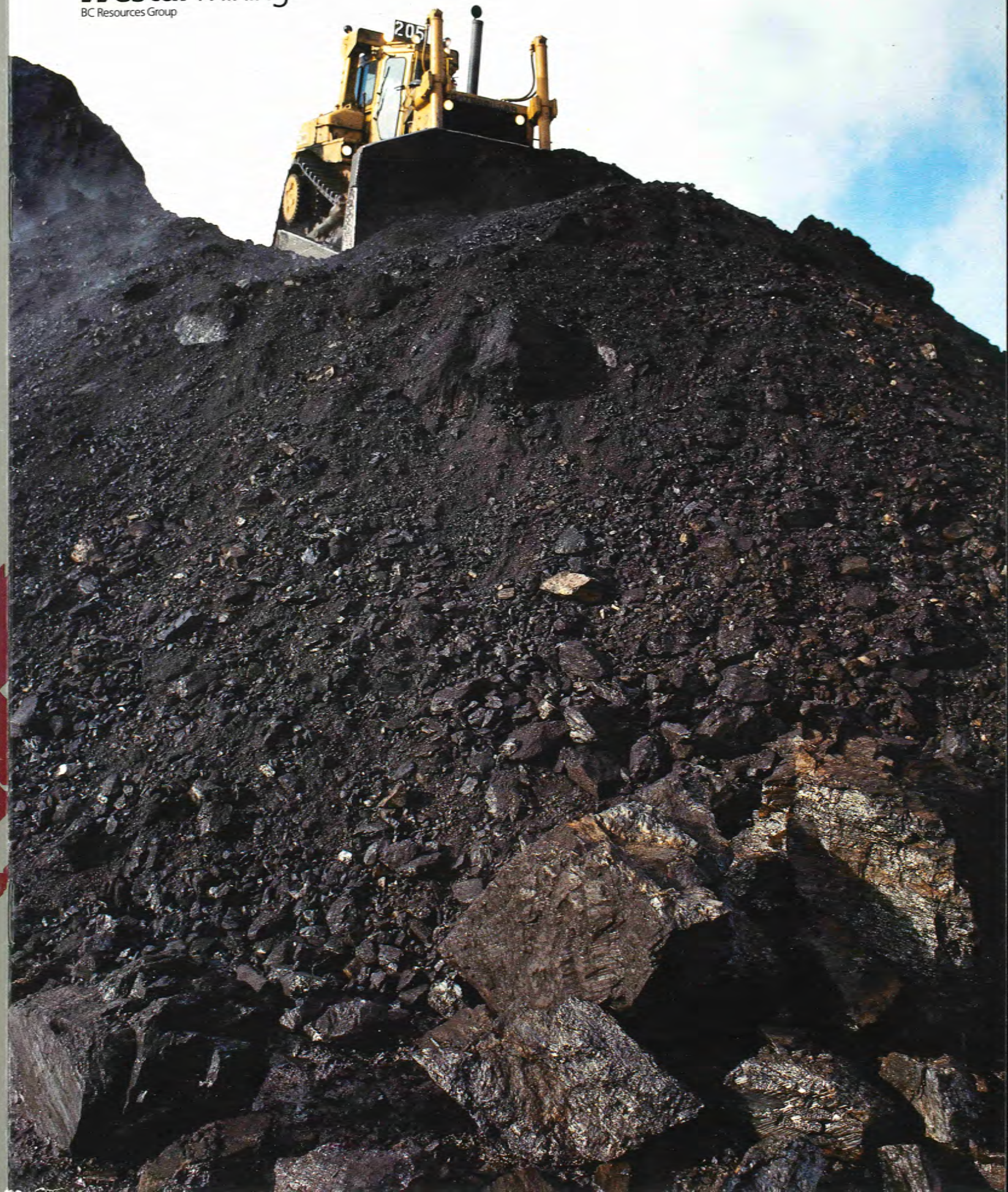
From its headquarters in Vancouver, B.C. and its representative office in Tokyo, Westar Mining International's team of marketing specialists maintain close working

ties with customers around the world. In this way, the company is able to remain in direct personal contact with client companies and provide ongoing assistance whenever necessary to major customers.

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**Westar Mining**  
BC Resources Group



While metallurgical or coking coal represents only 20 percent of world coal production, it has dominated international coal trade. However, the demand for high quality coking coal to supply the world's steel furnaces is only expected to rise gradually over the next few decades.

But, the resurgence of thermal coal as an attractive alternative to other fossil fuels is having a greater impact on world coal trade. Its low cost, abundant supply and accessibility to international markets have led to rapid growth and acceptance by consumers in all industrialized countries. In 1972, thermal coal accounted for just 18 percent of world coal trade; by 1980, it had increased to 38 per-

cent, and projections for 1990 see thermal coal attaining a dominant position in international coal trade. Westar Mining, as Canada's largest and most efficient producer and exporter of metallurgical and thermal coal, is well positioned to take advantage of these two markets. The first major producer in British Columbia, Westar Mining has remained at the forefront of the resurgent coal mining industry in Western Canada. Its Balmer surface mine in southeastern British Columbia is the largest of its kind in the world. And its deepsea port at Roberts Bank, south of Vancouver, is one of the largest and most efficient bulk coal terminals in the world.

In the 15 years since its formation, the company has developed an enviable reputation for product quality, service and reliable delivery. Westar Mining began life in

1967 as Kaiser Resources, a company incorporated to develop extensive coal deposits in the Crowsnest area of southeastern British Columbia. A long-term contract negotiated that year with a consortium of Japanese companies provided the impetus for the new mine. Today, that original contract, which is the company's largest single export contract, remains in force, and is representative of the close working relationships that Westar Mining enjoys with its major customers.



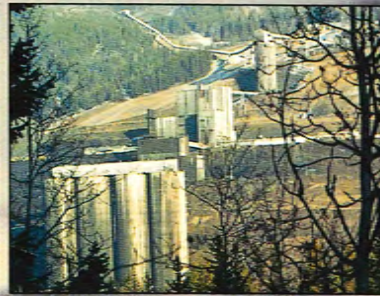
The company adopted the name of B.C. Coal Ltd. in October 1980 when British Columbia Resources Investment Corporation purchased majority control. A subsequent name change to Westar Mining Ltd. in June 1983 was implemented to better identify the company and its products in the international marketplace.

The company is composed of four autonomous divisions: the *Balmer Operations* at Sparwood in southeastern British Columbia, comprising a large surface mine, two underground mines, a preparation plant and support activities; the *Greenhills Operations*, the company's newly-constructed surface mine 35 kilometres north of Sparwood; *Westshore Terminals Ltd.*, a wholly-owned subsidiary and operator of company's coal port at Roberts Bank, south of Vancouver; and *Westar Mining International Ltd.*, responsible for the worldwide sales of the company's products.

In addition, the company is also involved in oil and gas exploration through its 7.7 percent interest in the Brae Field, situated in the North Sea.

The company is Canada's largest producer and exporter of metallurgical coal, having exported from its Balmer Operations — in response to market demand in 1981 — in excess of seven million tonnes. Plans to maintain and increase the company's competitive position include expansion programs designed to increase both production and shipping capacity.

Although Japan remains the company's largest single customer, exports to Brazil, Chile, Denmark, Hong Kong, Korea, Mexico, Pakistan, Sweden, Taiwan and other countries have shown a marked increase, reflecting the company's active market diversification program.



The company's coal properties are located in the central part of a coal belt known as the East Kootenay Coal Field which forms part of the Rocky Mountains. The belt extends about 160 kilometres northward from the Canada/U.S.A. border in southeastern British Columbia to the foothills of Alberta. Westar Mining's freehold properties in southeastern British Columbia total 26,000 hectares. The company also holds prospecting rights to 4,400 hectares of provincial government coal Licence Lands adjacent to its freehold property. Reserves of clean recoverable coal amounting to more than 400 million tonnes have been identified — enough to last another 50 years at current production.

During the past 15 years most mining at the Balmer Operations has been confined to the basal seam known as the Balmer or No. 10 Seam. This seam is 12 to 15 metres thick, low in sulphur, with excellent coking characteristics. Proven recoverable clean coal reserves amount to more than 225 million tonnes. Volatile content of the coal ranges from 18 to 38 per cent and varies with the stratigraphic location of the seams — the greater the depth, the lower their volatile matter.

At the company's Greenhills Operations up to 26 seams have been identified and four seams — Nos. 1, 7, 10 and 16 are considered to be the major seams. Seams 1, 7 and 10 represent 68 per cent of the geological reserves. These contain medium-volatile bituminous coals with a 12 to 18 per cent raw ash content. Seam 16 and those which are stratigraphically higher are high-volatile bituminous coals, with a raw ash content of less than 10 per cent. All seams are low in sulphur. Coal deposits at Greenhills have been estimated at more than 125 million clean tonnes, of which approximately 50 million tonnes will be mined during the initial 20-year life of the mine.

**W**estar Mining's commitment to excellence is reflected in its operating communities of Sparwood and Elkford, where substantial resources of manpower and funding are devoted to improving environmental standards and maintaining favourable working conditions for employees.

Because it is the major employer in its operating communities, the company maintains a high standard of community involvement. Through the activities of employee volunteers and sizeable funding assistance, Westar Mining has established shopping centres, rec-

reational facilities and developed new housing subdivisions to serve the growing populations of Sparwood and Elkford. These communities are home to a majority of the company's employees and combine the facilities of modern towns with the rugged natural beauty of the Elk Valley.

Safety and training programs are an essential part of the company's commitment to its workforce. Programs include classroom and on-the-job instruction in safety rules, mine regulations and surface and underground rescue techniques.

Strict environmental controls have been instituted to maintain approved water and air quality standards with continuous monitoring stations scattered throughout the mine site and nearby areas. Settling ponds, dust suppressant

systems and a host of other technologically-advanced pollution abatement processes have been designed to minimize the impact of operations on the environment.

The company has also developed an advanced program to reclaim previously-mined areas and return the land to a natural state. Through research and cultivation, environmentally suitable species of grasses, shrubs and trees have been developed to restore previously mined areas. The company has now reclaimed more than 1,000 hectares since it began its program in 1970, and is recognized as the leader in mine reclamation technology in the province of British Columbia.



**E**qually important to industrial customers who have come to rely on high product standards and uninterrupted delivery is Westar Mining's reputation as a solidly-based and financially secure corporation.

The company's underlying strength is based not only on its vast reserves of high grade coal and modern production and shipping facilities, but also on the confidence displayed by its major customers and financial institutions. In its 15-year history, Westar Mining has maintained an excellent financial rating in international

banking circles, which has allowed the company to guarantee the future of all long-term coal contracts. In October 1980, *British Columbia Resources Investment Corporation* acquired 67 percent of the company's shares. The remaining shares are held by Mitsubishi Corporation of Japan and a consortium of Japanese coal consumers.

B.C. Resources is a diversified natural resource corporation based in British Columbia with assets totalling (CDN) \$2.3 billion. The corporation is listed on both the Vancouver and The Toronto Stock Exchanges and has about 122,000 registered and more than one million bearer shareholders, making it one of the most widely-held companies in North America.

Through a wholly-owned subsidiary called *BC Timber Ltd.*, the parent company is involved in the production and marketing of bleached kraft pulp and building products from two pulp mills, six lumber mills and related logging operations in British Columbia. BC Timber is one of the largest producers of bleached kraft pulp and dimension lumber in North America.

*Westar Petroleum Ltd.*, the oil and gas arm of the corporation, is based in Calgary, and is engaged in an active exploration program for oil and natural gas in Western Canada and the United States. The company also operates nearly 400 producing oil wells in Saskatchewan and a producing gas field in southeastern Alberta.

Together, the corporation's assets in coal mining and transportation, forest products and oil and gas provide a diversified product balance that will undoubtedly lead to even greater financial stability in future years. Westar Mining will continue to be a key component within the B.C. Resources group of companies.

