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George Cross News Letter

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E. M. P. R.

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EQUITY SILVER MINES LTD.

[EST.A-V] 33,097,225 SHS.

<u>THREE MONTHS ENDED MARCH 31, 1994</u>		<u>1993</u>
Revenues	\$1,500,000	\$5,400,000
Net Earnings (Loss)	(318,000)	177,000
Earnings (Loss) Per Share	(1¢)	-

FIRST QUARTER LOSS REPORTED - Equity Silver Mines Ltd. reports financial results for the three months ended 31Mar94. Sales revenue declined dramatically in the first quarter, to \$235,000 from \$4,000,000 in the corresponding quarter of 1993, due to the exhaustion of the Houston, B.C. area mine's ore reserves. Mining and milling operations ceased 23Jan94 and an orderly closure and reclamation plan has been implemented. All surface buildings and equipment are expected to be sold by auction this year.

In the first quarter, Equity Silver generated a cash flow from operations of \$2,800,000, compared with \$1,500,000 in the first quarter of 1993 principally due to the receipt of a deferred payment for concentrate sales in 1993. Cash and short-term investments increased by \$2,000,000 in the first quarter, also due to the payment for concentrate. It is anticipated cash and short-term investments will approximate \$30,000,000 by 31Dec94.

The last of the concentrate inventory is scheduled for shipment this month, with final payment to be received in the second quarter. With the mine's closure, future earnings and cash flow will be generated primarily by the after-tax returns from investment of the company's cash and securities. Earnings and cash flow will be affected by the expenditures required as a result of Equity Silver's reclamation and closure activities. Cash flow will also be affected by continuing reclamation deposit payments due to annual inflation adjustments.

In order to properly evaluate the company's options and future obligations, a review and update of the 1991 study of long-term acid drainage treatment costs has been initiated and is expected to be completed in the third quarter. This report is essential in determining the best option to pursue on behalf of shareholders. The directors will revisit the issue of dividend payments once the future direction of the company has been determined. (SEE GCNL NO.36, 22Feb94, P.3 FOR YEAR END FINANCIAL RESULTS)

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