

1710 - 609 GRANVILLE ST
PO BOX 10363
VANCOUVER BC
CANADA V7Y 1G5
(604) 683-7265 FAX 683-5306

George Cross News Letter

"Reliable Reporting" REG

WESTERN CANADIAN INVESTMENTS

APR 26 1994

RIGHT
PRODUCTION
RESERVED
ISHED DAILY
SCRIPTION RATE
\$315.00 PER YEAR

NO. 78 (1994)
APRIL 25, 1994

E. M. P. R.

NO. 78 (1994)
APRIL 25, 1994

ADRIAN RESOURCES LTD.

[ADL-T.V] 24,717,344 SHS.

ESKAY INTEREST TO BE SPUN OFF - James G. Stewart, general counsel, reports Adrian Resources Ltd. has retained Yorkton Securities Inc. as its agent to arrange the disposition of its interest in the Eskay Creek gold/silver deposit north of Stewart, B.C., currently under development by HOMESTAKE MINING COMPANY [HM-NY]. As part of this proposed disposition, Adrian is considering creating a new holding company for the Eskay Creek asset, the shares of which would then be transferred to Adrian's existing shareholders as a dividend in specie.

Adrian's 100%-owned IKS-1 and IKS-2 mineral claims surround the majority of the reserves on the Eskay Creek property of Homestake's subsidiary, PRIME RESOURCES GROUP INC. [PRU-V]. Prime has reported mining reserves for the 21B deposit and the completion of a positive feasibility study. The stated mining reserves are "1,190,000 tons grading 1.91 oz.gold/ton, 85.5 oz.silver/ton, 5.64% zinc, 2.89% lead, and 0.77% copper."

Part of one of Adrian's claims situated between Prime's TOK3/TOK4 and TOK1/TOK2 claims contains a portion of the high grade 21B deposit. Calculations provided by Homestake have estimated the following reserves for the portion of the Eskay 21B deposit lying within the Gap as follows: "100,500 tons grading 1.12 oz.gold/ton, 30.6 oz.silver/ton, 1.60% zinc, 1.00% lead and 0.18% copper." A second zone contains "19,900 tons grading 1.66 oz.gold/ton, 112.8 oz.silver/ton, 2.29% zinc, 1.39% lead and 0.41% copper". In total, about 210,000 gold equivalent ounces are contained in the Gap. In addition, the exploration potential on the remainder of the Gap and the IKS-1 and IKS-2 mineral claims is considered good. A \$600,000 exploration program is planned by Prime for this summer.

Prime has an option to acquire a 50% interest in the IKS mineral claims from Adrian by completing \$5,000,000 in staged exploration expenditures (\$4,400,000 spent to date) and incurring 100% of the costs associated with placing the Gap portion of the IKS-1 claim into production. The option to Prime also provides that no capital or development costs incurred with respect to areas outside of the Gap are attributable to the production costs of ore mined from within the Gap and Prime must, at Adrian's request, arrange Adrian's share of production financing on the same terms as are available to them. As part of its option, Prime holds the right of first refusal on any disposition of Adrian's interest in Eskay Creek.

At the present time, the IKS-1 mineral claim is subject of an improper staking complaint under Section 35 of the Mineral Tenure Act (B.C.). It is expected that this dispute will be resolved in the fall of 1994. Earlier administrative and Court decisions have upheld Adrian's title. While it is not possible to determine the outcome of the dispute, Adrian maintains the position that the claims are properly staked.

Prime's mining plan provides for the ore from the Gap to be mined over an eight-year period starting in the first quarter of 1995. Yorkton has estimated the undiscounted value of Adrian's share from mining production in the Gap is about CDN. \$20,000,000 on an undiscounted basis. (SEE GCNL NO.63, 31Mar94, P.1 FOR ADRIAN PANAMA PROJECT INFORMATION)

104B 8