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George Cross News Letter

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PRIME RESOURCES GROUP INC.

Product sales of \$8,700,000 during the current quarter compare to \$9,200,000 for same 1993 quarter. Year to date product sales of \$12,400,000 compared to \$14,100,000 for the 1993 period. The lower product sales reflect the scheduled decline in production at the Snip mine partially offset by higher gold prices.

Gold production from the Snip mine, also in northwest B.C., decreased to 31,084 ounces contained in doré and concentrate in the second quarter of 1994 compared to 40,192 ounces in the second quarter of 1993 and production for the six months ended 30Jun94 of 62,973 ounces compared to 79,375 ounces in the same 1993 period. Prime's 40% share of this production amounts to 12,434 ounces in the current quarter and 25,189 ounces year to date. Cash production costs per contained ounce for the quarter and year to date of US \$180 and US \$170, respectively, compared to US \$160 and US \$140 per ounce for similar 1993 periods. As expected, a decline in ore grade mined resulted in lower gold production and consequently an increase in cash costs per ounce.

Ore grades should remain at current levels for the remainder of the year as mining efforts continue to concentrate on balancing the extraction of ore from both mechanized and conventional production areas. The on-site concentrate inventory that accumulated during the first quarter of the year was significantly reduced by an accelerated flying effort during the second quarter.

Depreciation expenses were lower during 1994 reflecting both an increase in reserves at 1Jan94 and the reduction in gold production. No provision for deferred income and mining taxes was made during the first six months of 1994 due to the availability of tax loss carry-forwards. Prime is a gold mining company with a 40% interest in the Snip mine and 100% of the Eskay Creek mine. Both properties are located in the same vicinity in northwestern B.C. Homestake Mining Company owns about 51% of Prime's outstanding shares and provides administrative services. (SEE GCNL NO.142, 26Jul94, P.2 FOR OTHER PROJECT INFORMATION)

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