

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

George Cross News Letter

"Reliable Reporting"

WESTERN CANADIAN INVESTMENTS

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$315.00 PER YEAR

NO. 33 (1994)
FEBRUARY 17, 1994

NO. 33 (1994)
FEBRUARY 17, 1994

PRIME RESOURCES GROUP INC.

[PRU-T,V] 57,030,025 shs.

	YEAR ENDED NINE MONTHS ENDED	
	31DEC93	31DEC92
Revenue	\$27,422,000	\$19,017,000
Net Income For Period	4,571,000	3,697,000
Net Income Per Share	6¢	5¢

EARNINGS INCREASED - Jack E. Thompson, president, Prime Resources Group Inc., has reported increased earnings for the year ended 31Dec93 compared to the nine months ended 31Dec92. In December 1993, Prime acquired **STIKINE RESOURCES LTD.** and accordingly, the company's financial statements have been restated for all prior periods to include the accounts of Stikine.

Net income in 1993 includes a gain of \$4,700,000 realized on the deposition of all of the company's marketable securities. Proceeds of \$24,100,000 from these sales helped the company fully repay its third party debt, substantially reduce its affiliated company borrowing and fund development expenditures at the Eskay Creek project in northwest B.C. Contained gold in doré bars and concentrate production from the Snip mine, also located in northwest B.C., was 149,475 ounces in 1993. Prime's 40% share of the contained gold was 59,790 ounces compared to 47,768 ounces for the nine month period ended 31Dec92. Concentrate and doré sales revenue increased 44% in 1993 to \$27,400,000, a reflection of 1993's longer fiscal period and higher average gold prices.

Cash production costs increased by 5% in 1993 relative to the previous fiscal period. At US \$152 per ounce, Snip continues to be a consistent low cost producer.

Effective 1Jan93, the company began to expense Eskay Creek pre-feasibility development costs pending the completion of a positive feasibility study. As a result, in 1993 Prime Resources Group recorded exploration and development expenses of \$4,900,000 relating to Eskay Creek compared to only \$700,000 for the nine months ended 31Dec92. With the completion of the feasibility study in August, the company resumed capitalizing these expenditures. In addition, Prime Resources Group was able to upgrade the Eskay resource to a proven and probable reserve containing 2,300,000 ounces of gold and 102,000,000 ounces of silver.

A study is underway to determine the economic viability of selling Eskay Creek ore directly to smelters as feed. The selection of a development option, direct shipping or owner-built treatment will be announced in the near future. Homestake Mining Company is Prime Resources Group's major shareholder. (SEE GCNL NO.14, 21Jan94, P.3 FOR PREVIOUS DATA)

104B 8
p. 10F2

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

George Cross News Letter

"Reliable Reporting"

WESTERN CANADIAN INVESTMENTS

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$315.00 PER YEAR

NO. 33 (1994)
FEBRUARY 17, 1994

NO. 33 (1994)
FEBRUARY 17, 1994

detailed evaluation of the drill sample to underground bulk relationship; a geostatistical evaluation of the deposit; several methods of ore reserve calculations; testing the confidence of grade estimates and assay procedures; and reviewing the potential of an upgrading factor. The following conclusions were made:

- 1) The manual section-by-section polygonal method of reserve calculation appears to provide the most realistic grade reserve estimate. Kriging methods, a purely statistical method, upgrades the total ounces of gold in the deposit; however, without the ability of introducing the complex geological parameters to the database, the reserve calculation tends to carry the gold randomly and unrealistically throughout the deposit.
- 2) Cutting of high grade values to 0.3 oz.gold/ton is far too severe for Frasergold ore; the 1.0 oz.gold/ton level is more acceptable. The reserves calculated at such a low cutting level produces "bottom-line" grade estimates.
- 3) Reducing the density of drilling to 6-meter centres in selected areas improves the confidence of estimating ore blocks to below +/- 20% limits, acceptable for mine feasibility. Continued drilling of the deposit to 25-meter intervals, with selected areas drilled to 6-meter intervals will establish reserves at Frasergold to acceptable confidence levels.
- 4) A scatter plot of conventional fire assays versus milled results shows reasonable agreement with no bias and a correlation coefficient of 0.830. This provides confidence in assay procedures.
- 5) An upgrading of Frasergold ore remains a real possibility, and may be as high as 80%. Studies completed during 1993 have concluded no amount of practical bulk sampling will establish with confidence an estimate of the upgrading.

A review of the manual section-by-section ore reserve calculation over a strike length of 800 meters of the deposit reveals the grade of 3,549,000 tons (70% drill measured) of ore increases from a 0.050 oz. gold/ton at 0.30 opt cutting level to 0.062 oz.gold/ton at 1.0 opt gold cutting level. An additional 10 - 12,000,000 tons of similar grades are indicated over a 2.4-km strike length.

It is estimated that 20,000 meters of drilling will be required to upgrade the indicated reserve base to "drill measured", and produce a thorough feasibility of the Frasergold deposit at a cost of \$2,500,000. Eureka is endeavouring to secure this funding for the 1994 field season. (SEE GCNL NO.162, 24Aug93, P.3 FOR PREVIOUS PROJECT DATA)

104B 8
p. 2 of 2