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George Cross News Letter

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EQUITY SILVER MINES LTD. [EST.A-V,T]

LAST ORE SHIPMENT COMPLETED - Equity Silver Mines Ltd.
reports financial and

production results for the three and nine months ended 30Sept94.

THREE MONTHS ENDED SEPTEMBER 30, 1994	1994	1993
NET EARNINGS	\$ 719,000	\$ 902,000
EARNINGS PER SHARE	2¢	3¢

NINE MONTHS ENDED SEPTEMBER 30, 1994	1994	1993
REVENUE	\$12,300,000	\$14,602,000
NET EARNINGS	1,500,000	2,700,000
EARNINGS PER SHARE	4¢	8¢

As previously announced, Equity Silver's mine near Houston, B.C. exhausted its ore reserves and ceased production permanently on 23Jan94. Payment for the last shipment of concentrate has been received and no further cash flow from mining operations is anticipated. SEE ORE SHIPMENT SUMMARY OVERLEAF P.2.

As a result of a shortfall of the proceeds received on the sale of surface buildings and equipment by auction in August, as well as the revision of cost estimated for closure projects, an additional provision for reclamation and closure of \$1,900,000 was recorded in the third quarter. The sale of the remaining mobile equipment by auction is scheduled for November. Reclamation of the waste dumps

is scheduled for completion this year and the plant site rehabilitation will be complete by the third quarter of 1995.

Cash flow in the third quarter was generated primarily by the proceeds received from the auction of buildings and equipment. All future cash flows will be generated primarily by the after-tax returns from the Equity Silver's cash and securities reduced by the continued expenditures required as a result of the company's reclamation and closure activities. Additional cash will be required for the continuing reclamation deposit payments due to annual inflation adjustments.

During the quarter, the update of the 1991 study of long-term acid drainage treatment costs was completed. The study update produced estimated annual costs similar to those calculated in the initial study.

Proposed changes to the taxation of foreign affiliates, included in the February 1994 federal budget and revised in June, will severely affect the future after-tax earnings and cash flow of the company. Although legislation is not yet in place, Equity Silver's management believes no significant difference will arise between the proposals and the eventual laws to enact the proposals. The company is pursuing various options, but has not established ways to offset the negative effects of the proposed legislation. A report examining strategic alternatives for the company, which assesses the impact of the proposed tax changes and the updated environmental cost study, has been submitted to the independent committee of the board. (SEE GCNL NO.82, 29Apr94, P.3 FOR THREE-MONTH REPORT)

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EQUITY SILVER MINES LIMITED
STATISTICS
(in thousands, except grades and metals prices)

	1994 ⁽¹⁾	Nine Months 1993
Ore milled		
Tons	57	356
Average daily ton	1.8	1.3
Silver ozs./ton	2.49	4.63
Gold ozs./ton	0.078	0.090
Copper %	0.33	0.63
Production		
Silver - ozs.	71	1,386
Gold - ozs.	2.0	13.2
Copper - lbs.	89	3,904
Sales		
Silver - ozs.	796	1,178
Gold - ozs.	6.8	14.4
Copper - lbs.	1,955	3,638
Inventory		
Silver - ozs.	--	1,297
Gold - ozs.	--	9.2
Copper - lbs.	--	3,840
Average metals prices - US\$		
Silver (London Spot) - oz.	5.33	4.21
Gold (London) - oz.	384	355
Copper (London Metal Exchange)-lb.	0.98	0.90

⁽¹⁾ The production and sales statistics reflect the final assay adjustments which occurred in the third quarter for the final shipment.

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