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PRIME RESOURCES GROUP INC.		
[PRU-V,T] 71,073,913 SHS.		
THREE MONTHS ENDED SEPTEMBER 30, 1994		
REVENUE	\$8,149,000	\$7,181,000
NET INCOME	2,105,000	1,977,000
EARNINGS PER SHARE	3¢	3¢
NINE MONTHS ENDED SEPTEMBER 30, 1994		
REVENUE	\$20,523,000	\$21,327,000
NET INCOME	5,745,000	2,391,000
EARNINGS PER SHARE	8¢	3¢

THREE/NINE-MONTH REPORT - Ronald D. Parker, president, Prime Resources Group Inc., reports financial results for the three and nine-month periods ended 30Sept94; see tables above. Continued strength in the gold price contributed to increased earnings and more than offset higher operating expenses. Increased interest income, reduced depreciation charges and the capitalization of Eskay Creek development costs account for the majority of this earnings improvement. The 1993 results included a pre-tax gain of \$4,700,000 on sale of investments and \$3,700,000 of tax expense. **HOMESTAKE MINING CO.** (HM-NY, etc) of San Francisco owns 51% of Prime Resources Group, which has a 100% in the Eskay Creek project north of Stewart, northwest B.C. and a 40% interest in the nearby Snip gold mine.

Capitalized Eskay Creek construction expenses were \$15,900,000 during the third quarter, bringing the total for the project to \$32,900,000 to date. All major service buildings were completed by early October and have been occupied by the operating staff. Construction of the surface facilities is 95% complete. Rehabilitation of the main underground access ramp and upgrading of ventilation and electrical services are well advanced. The project remains on schedule with initial ore shipments in January 1995.

Sales of doré (gold/silver bars) and concentrate from the Snip mine increased to \$8,200,000 for the third quarter compared with \$7,200,000 for the corresponding quarter in 1993. Higher gold prices offset the effects of lower gold production from the mine. Average spot gold prices rose by 3% to US \$386/oz. for the quarter. Year to date product sales were \$20,500,000 compared with \$21,300,000 for the first nine months of 1993, as a result of the expected lower production rates.

Gold production from the Snip mine was 35,229 ounces, 7% lower than the third quarter in 1993 despite recording the highest quarterly milling rate of the year. As planned, mined ore grade this year is slightly below the life of mine ore reserve grade. Cash production costs rose to US \$178/oz for the quarter compared with US \$165/oz in the third quarter of 1993. Prime's 40% share of production for the quarter was 14,091 ounces.

Year to date gold production is 98,202 ounces (Prime's 40% share - 39,281 oz.) compared with 117,217 ounces for the first nine months of 1993. Snip remains an extremely profitable low cost operation even though unit costs have increased marginally. (SEE GCNL NO.150, 8Aug94, P.3 FOR SIX-MONTH REPORT)

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