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George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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PRIME RESOURCES GROUP INC.

[PRU-V,T] 70,789,729 shs.

ESKAY CREEK CONSTRUCTION TO START - Jack E. Thompson, president, Prime Resources Group Inc., reports receiving the Mine Development Certificate for the Eskay Creek gold/silver mining project located 80 air km north of Stewart, northwestern B.C. The Provincial Minister of the Department of Energy, Mines and Petroleum Resources and the Provincial Minister of the Environment, Lands and Parks notified Prime on March 31, 1994, Eskay Creek successfully completed the Mine Development Assessment Process. The process included

submission of various documents, review and approval by governmental agencies and numerous consultations with the public and First Nation groups.

Prime can now proceed with other provincial authorities to obtain the final permits and licenses for the operation of the Eskay Creek mine. While the pre-application process was initiated in April 1990, the formal review process did not begin until a prospectus was completed in January 1993. In November 1993, following the publication of the first of two feasibility studies, an application report was submitted to provincial agencies describing operating and environmental concerns as well as mitigation measures.

Mr. Thompson, said, "The entire process has worked well and proceeded smoothly and efficiently due to the assistance and cooperation provided by the provincial authorities and the local communities. We expect to begin construction of on-site facilities immediately and have contracted for the completion of the final phase of the access road. Prime could begin shipping ores by year end."

Earlier in the year, the company announced its decision to proceed with the development of the mine and sale of ore directly to smelters in Japan and Quebec. Capital costs will be about \$75,000,000 including estimates for working capital and contingencies. Prime expects to produce about 120,000 tons of ore per year containing 210,000 ounces of gold and 9,400,000 ounces of silver. About 100 employees and contractors will be needed on an ongoing basis during the estimated 10-year life of the project.

Prime also has a 40% interest in the Snip mine, also located in northern B.C. in addition to its 100% interest in the Eskay Creek project. Homestake Mining Company of San Francisco owns slightly more than 50% of the Prime shares outstanding and acts as operator of the Eskay Creek project. (SEE GCNL NO.38, 24Feb94, P.1 FOR FINANCING INFORMATION)

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