

PRIME CAPITAL CORPORATION

803221

H. V. KIRKLAND

Newsrelease

September 14, 1990

No. 51

Trading Symbol: VSE-PRU

PRIME RESOURCES GROUP INC.

Prime Resources Group Inc. announces the following developments:

ESKAY ORE RESERVES

Prime Resources Group Inc. ("Prime") has been advised by Prime Explorations Ltd., a division of Prime Equities Inc. of a preliminary geological reserve estimate for the 21 Zone Deposits at Eskay Creek. Reserve calculations were done in-house at Prime Explorations Ltd., and incorporates all available assay and geological information to diamond drill hole CA90-657. Geological reserves calculated are principally for the 21B Deposit. Portions of both the 21C Deposit and Pumphouse Lake Zone which lay in close proximity to the Main 21B reserve blocks have also been taken into consideration. New reserve estimates for the 21A Deposit were not prepared.

The table below is an interim statement of the Probable and Possible Geological Reserves, excluding the 21A Deposit.

GOLD CUT-OFF GRADE	TONS	GOLD OZ/TON	SILVER OZ/TON	STATUS
0.25	1,992,000	1.47	55.77	Probable
0.25	<u>101,000</u>	<u>0.62</u>	<u>19.35</u>	Possible
Total	2,093,000	1.43	54.01	
0.10	4,190,000	0.78	29.74	Probable
0.10	<u>174,000</u>	<u>0.42</u>	<u>14.06</u>	Possible
Total	4,364,000	0.77	29.12	

Reserve estimates are classified "Geological" as no allowance has been made for dilution, minimum mining thickness nor metal recoveries. Much of the reserve is considered to fall into a Probable status, based upon the average density of diamond drill penetrations (25-metre centres), certainty of geological continuity and predictability of gold and silver tenor. Those reserves assigned to Possible status are located within the far northern portion of the 21B Deposit, where ore continuity is reasonably known, but which has not been demonstrated to current deposit standards. As such, additional drilling is required to establish this potential.

Park Place, 25th Floor, 666 Burrard Street, Vancouver, B.C., Canada V6C 2X8
Telephone: (604) 669-1011 Telecopier: (604) 669-7177

- 2 -

Important elements of the geological reserve calculation procedure include:

- Calculations were made by the cross-section method;
- Assay information was reviewed, converted to metric units of measure, and grouped in such a manner as to reflect the distribution of high, intermediate and low grade values, metal association and geological occurrence;
- Gold and silver assay values were not cut;
- Assigned reserve blocks do not exceed 12.5 metres extent down dip or 40 metres along strike. Minimum block thickness is one metre, however, no estimate was made unless contiguous blocks were present which exceeded both 2 metres thickness and in excess of 0.1 oz/ton gold minimum grade;
- There is no conversion of silver grades to gold equivalent grades in determining minimum block thicknesses and grades;
- A range of specific gravities was chosen, applied to various mineralization types in calculating the tonnage for different reserve blocks. These vary from a low of 2.7 for mineralization in the footwall rhyolite to a high of 3.7 for massive sulphide lenses in the Main Contact-unit hosted deposit. An average specific gravity value of 3.0 appears applicable; and
- Base metal values were not calculated into the reserve as a complete set of assay result are not yet available.

Quoted geological reserves exclude that portion of the 21B Deposit falling within the TOK Claim Gap. Reserves in this area are held 100% by Adrian Resources Ltd. and are subject to a 50% earn-in joint venture agreement with both Prime Resources Group Inc. and Stikine Resources Ltd. ("Stikine").

Current reserve estimates are a significant increase to those figures previously reported, as calculated by Roscoe Postle Associates Inc. ("RPA") of Toronto. Based upon drill information to the end of December, 1989, RPA reported total 21B Deposit Possible and Probable Geological Reserves, at the 0.25 oz/t gold cut-off threshold, to be 1,348,000 tons grading 1.44 oz/t gold and 40.61 oz/t silver. At a 0.10 oz/t gold cutoff threshold, RPA estimated a total Possible and Probable Geological Reserve of 2,106,000 grading 0.97 oz/t gold and 33.70 oz/t silver. During the first half of 1990 Prime and Stikine undertook a programme of diamond drilling designed to confirm these initial estimates by means of in-fill diamond drill holes, and to establish extensions beyond the RPA reserve limits. A significant portion of the currently derived reserve falls within the area encompassed by the

- 3 -

RPA calculation. Infill diamond drilling within RPA reserve limits confirmed or slightly improved upon predicted grades and thicknesses. This is strong testimony to the homogeneity and predictability of the deposit. Reserves additional to those calculated by RPA reflect new mineralization established during step-out drilling northwards to the property boundary and eastward in the vicinity of what is known as the Pathfinder structure.

Potential to prove additional reserves outside established ore blocks is known to exist. This potential lays principally in the northern portion of the deposit, where widely spaced drilling has intersected significant precious and base metal mineralization but has yet to trace those lenses along strike. An important example is CA90-646 which penetrated 95.1 feet grading 0.365 oz/ton gold, 15.53 oz/ton silver, 15.27% zinc, 5.15% lead and 1.58% copper. Continuity with the main portion of the 21B Deposit, situated over 100 metres to the south of hole 646, has yet to be demonstrated through drilling. Other significant base metal and silver intersections have been obtained, which similarly are not assigned to a reserve status owing to their isolated occurrence or low indicated gold content. Additional surface drilling can resolve this.

The underground exploration decline has now reached the Main Contact ore lens of the 21B Deposit at Section 4+00N. The ore zone is approximately 6 metres thick, as predicted by drilling, and strongly mineralized. Assay results are pending.

Status Report on Other Zones of Mineralization

THE 21A DEPOSIT:

No new reserve calculations have been undertaken for the 21A Deposit. This area has received no additional drilling, nor has any revised geological insight been applied which would merit a re-evaluation. Current geological reserve status, as indicated by RPA, remains:

GOLD CUT-OFF GRADE	TONS	GOLD OZ/TON	SILVER OZ/TON	STATUS
0.25	172,000	0.72	6.9	Probable
0.25	<u>31,000</u>	<u>0.34</u>	<u>5.9</u>	Possible
Total	203,000	0.66	6.7	
0.1	828,000	0.32	3.2	Probable
0.1	<u>237,000</u>	<u>0.15</u>	<u>5.5</u>	Possible
Total	1,065,000	0.28	3.7	

THE 21C DEPOSIT:

No separate reserve calculation for the 21C Deposit has been completed. Those portions of the 21C Deposit which lay in close proximity to the 21B ore blocks have been accounted for in the general geological reserve figures, though on a restricted basis. In general, drilling along the length of the 21C Deposit is too widely-spaced to permit comprehensive assessment at this time.

The 21C Deposit lies 25 to 50 metres downdip from the 21B Deposit. Sufficient diamond drilling has been completed to identify the mineralized zone along a minimum strike length of approximately 600 metres, which remains open along strike to the north and down-dip to the west. The 21C Zone, though strongly mineralized with gold and silver, is characterized by low total sulphide content as compared to the 21B Deposit which is rich in base metal sulphide as well as gold and silver.

Examples of assay results from exploration diamond drilling on the 21C Zone include:

HOLE #	SECTION	INTERVAL	WIDTH (feet)	GOLD (oz/t)	SILVER (oz/t)
CA90-465	1+00N	583.8-649.4	65.6	0.433	31.05
CA90-197	2+00N	570.7-636.3 including 580.6-593.7 619.9-633.0	65.6 13.1 13.1	0.575 1.26 1.05	1.48 0.49 3.36
CA90-374	2+75N	580.6-597.0	16.4	0.233	17.29
CA90-420	4+00N	646.1-669.1	23.0	0.896	2.83
CA90-535	4+50N	515.0-528.1	13.1	0.765	3.21
CA90-455	4+75N	715.0-747.8	32.8	0.402	2.42
CA90-504	6+75N	616.6-629.7	13.1	0.119	0.10

PUMPHOUSE LAKE ZONE

No comprehensive reserve calculation has been prepared for the Pumphouse Lake Zone, owing again to the wide-spaced nature of drill information. However, mineralized portions of the zone in close proximity to the Main 21B ore blocks have been taken into consideration within the overall geological reserve base. The zone

- 5 -

has been traced by drilling over a strike length of 250 metres, is open to the east, and has recently been transected by the exploration decline. Three mineralized horizons are present, tentatively identified as Contact, Footwall I and Footwall II. The Pumphouse Lake Zone Contact Horizon is approximately 15 metres stratigraphically above the Footwall I Horizon which is in turn located approximately 35 metres stratigraphically above the Footwall II horizon. The Pumphouse Lake Zone is considered to represent the eastern fault off-set of the 21B Deposit, and is remarkably similar in terms of both geological setting and styles of mineralization, albeit at a generally lower grade.

The decline crosses the mineralized horizons in the area of Section 4+00N. Assay results obtained from detailed panel sampling of the decline walls across the mineralized horizons are as follows:

MINERALIZED HORIZON	WIDTH (Feet)	GOLD (oz/t)	SILVER (oz/t)
Contact	9.8	0.198	5.41
Footwall I	52.5	0.226	19.62
	incl. 23.0	0.369	41.37
Footwall II	88.6	0.106	10.24
	incl. 13.1	0.178	30.25
	and 19.7	0.239	0.28

Some examples of assay results from exploration diamond drilling following the discovery of the Pumphouse Lake Zone include:

HOLE #	SECTION	INTERVAL (Feet)	WIDTH (Feet)	GOLD (oz/t)	SILVER (oz/t)
CA90-392	3+25N	108.2-121.3	13.1	0.211	0.30
		131.2-147.6	16.4	0.164	0.20
		157.4-164.0	6.6	0.198	0.28
CA90-407	4+00N	98.4-101.8	3.3	0.442	9.13
		147.6-177.1	29.5	0.323	13.02
CA90-412*	4+75N	206.6-321.4	114.8	0.318	7.02
		including 209.9-219.7	9.8	1.003	7.73
CA90-491	5+25N	85.3-98.4	13.1	0.255	5.73

* The intersection in hole 412 lay within that portion of the Pumphouse Lake Zone covered by the TOK Claim Gap, held by Adrian Resources Ltd.

Exploration activity at Eskay Creek is continuing and is expected to proceed through the winter months of 1990/91. Highlights include:

- The underground exploration decline has cut both the 21B Deposit and the Pumphouse Lake Zone. Underground drifting, bulk sampling and drilling will continue during the remainder of 1990.
- Exploration diamond drilling on the Pumphouse Lake Zone, from both surface and underground will commence shortly. Definition drilling to 25 metres centres is required to attain sufficient assay data to assign a reserve status to the zone.
- Additional diamond drilling is proposed for the northern portion of the 21B Deposit, with the objective of both measuring the inferred reserve blocks plus establishing new reserve blocks extending northwards to the property boundary.
- Exploration diamond drilling in the southern portion of the Eskay Creek property has commenced. This programme is testing a number of mineralized structures, geophysical and geochemical anomalies which were identified during this past summer's surface exploration programme.

In summary, exploration activity under the direction of Prime Explorations Ltd. has brought the total geological reserve base to an estimated 5,300,000 ounces gold equivalent at the 0.10 oz/ton Au threshold. This high grade reserve is contained within both the 21B and 21A Deposits. Potential to significantly increase the total reserve base is considered excellent. Immediately apparent potential lies within the northern 21B Deposit, in the Pumphouse Lake Zone, and the 21C Deposit. Additional new zones of discovery may be forthcoming pending results of surface drilling now underway elsewhere on the Eskay Creek property.

ESKAY CLAIM DISPUTES

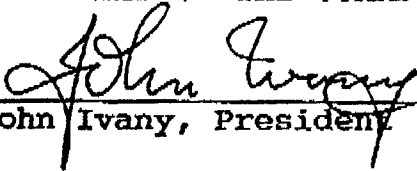
Prime also announces that Calpine Resources Incorporated and Stikine Resources Ltd. have received the Inspection Report regarding the complaints filed by Mr. Ken McKenzie on the TOK 3-5 mineral claims pursuant to Section 35 of the Mineral Tenure Act of British Columbia. The Inspection Report recommends to the Chief Gold Commissioner that the complaints be dismissed. Under Section 35 of the Mineral Tenure Act the parties have a period of 30-days to file submissions with the Chief Gold Commissioner, who will thereafter issue his Order regarding the complaints.

FINANCING

Prime has initiated discussions with an investor regarding a private placement of between 1,000,000 and 3,000,000 shares at a market related price. Details of the financing will be announced on completion of negotiations.

The management of Prime and Stikine Resources Ltd. are investigating financing alternatives for continued development of the Eskay Creek Property.

ON BEHALF OF THE BOARD OF DIRECTORS



John Ivany, President