

1997 Annual Report, Core Strength

Generative Activity

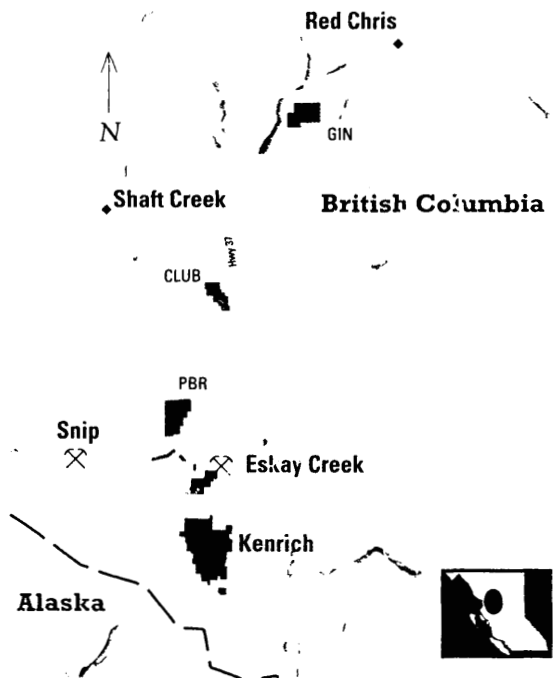
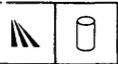
In 1997, five properties were acquired in British Columbia and the Yukon through staking and option agreements. The cost for identifying these properties totaled \$670,000, mainly in support of large scale, helicopter-based regional evaluations. The British Columbia properties present significant geologic indications that are favourable for precious metal enriched sulphide deposits. Grab samples from the Yukon property also showed positive results.

In the Canadian Shield regions, we focused on exploring the tightly held land positions along the productive structural breaks that have produced in excess of 160 million ounces of gold this century. Our objective is to identify, at an early stage, opportunities to acquire low unit cost production. This involves maintaining close contact with junior exploration groups that control advanced properties. In 1997, the exploration joint venture's office in Timmins, Ontario evaluated 113 new properties and potential opportunities, and conducted exploration on four projects.

Our strategic plan to increase ground acquisition in the Eskay Creek area was initiated with the Kenrich equity purchase, which occurred in July 1997. As a result, Prime has the right to acquire a 70% interest in the 16,400 acre exploration site on Kenrich's Corey property, known as the Prime Block. Located just south of Eskay Creek, the Prime Block contains an eight-mile length of prospective Eskay Creek type stratigraphy.

Exploration of the Prime Block began in early August 1997. However, the mid-season start-up of fieldwork necessitated an abbreviated program designed to maximize data collection and facilitate planning for our future exploration efforts. Fieldwork south of an initial drill hole identified a mixed assemblage of mafic and felsic volcanic rock that has returned separate grab samples of up to 0.15 ounces per ton (opt) gold and 0.05 opt silver. The gold bearing lithology, or rock type, is a mudstone located in close proximity to an underlying rhyolite, a geologic environment similar to Eskay Creek.

We completed exploration on seven projects in 1997, including the Corey property. At the Ample Goldmax property, in south central British Columbia, we completed 9,200 feet of drilling in 14 holes on a gold bearing quartz vein system. Although the drilling revealed discontinuous high-grade pods in the mineralization, the property was subsequently returned to the vendor.



Northwest British Columbia 1997 land acquisitions and 1998 field projects in relation to other known resources.

→ AMPLE
-Goldmax

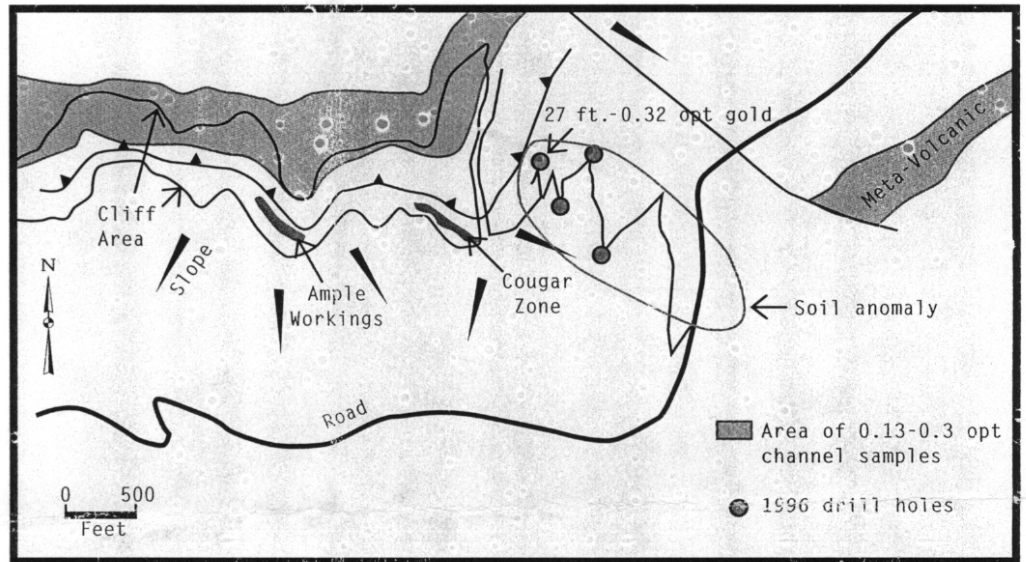
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Prime will participate in planned program expenditures of \$6.0 million, which includes over 200,000 feet of diamond drilling.

of underground drilling. Approximately half will be directed at new exploration targets, with the balance directed toward extending the mine's primary ore zones. Near-mine exploration will be focused on the Twin and T-West structures, as well as on possible extensions along the structural trend.

A surface reconnaissance and drill target definition program is also planned on two recently optioned claim areas within the Bronson Creek corridor. Ample Goldmax At the Ample Goldmax property further drill testing of the 1.2-mile-long mineralized zone is scheduled for early 1997. Since the property is located in very rugged terrain, a combination of



skid-mounted and airborne drill rigs will be used to conduct an 8,000 feet diamond drill program to test three primary targets. Looking For The Next Eskay Prime will commence a reconnaissance exploration program in northwest British Columbia and the Yukon Territory. For the next three to five years, Prime is committed to actively evaluating large areas of land seeking the

same distinct geological signature that defines the host environment at Eskay Creek. New Projects Initial work on the Marchand property in Quebec will include mapping, geophysics and prospecting. A late-summer drill program is anticipated for this property which already hosts a mineral inventory of 75,000 ounces of gold.

An 8,000 foot diamond drill program will test three primary targets at the Ample Goldmax property.

The Hemlo North Arm is a contiguous holding of three properties in Ontario. In 1997, Prime will conduct systematic geophysics and mapping on this prospective ground.

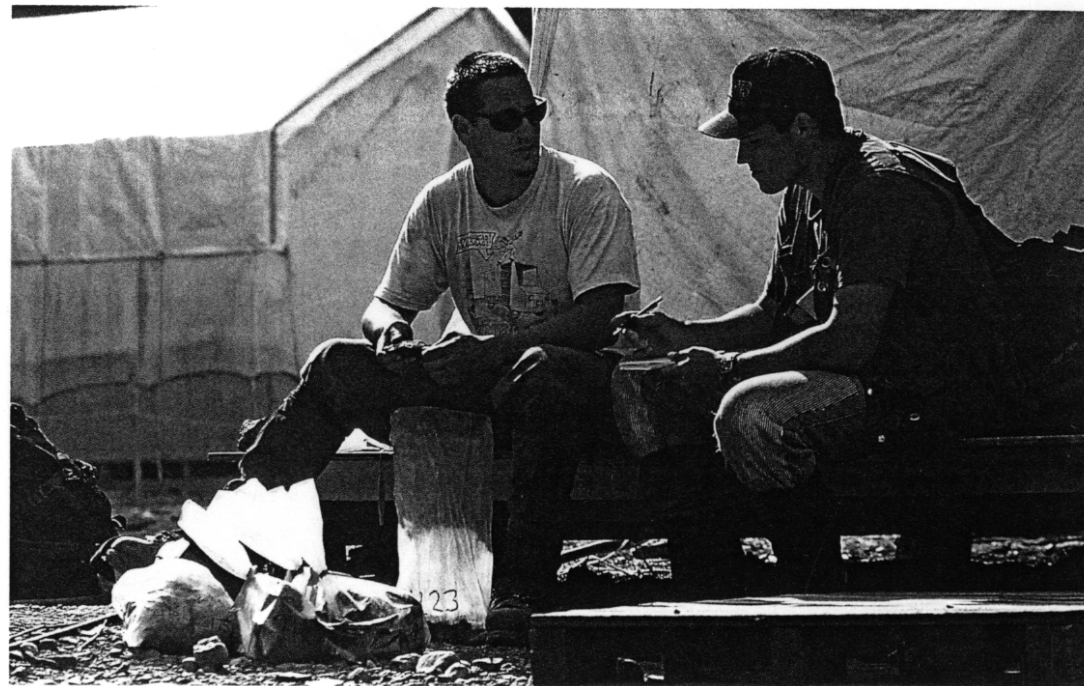
795 -> Ample Gold

The Ample/Goldmax property is located on the eastern portion of the historic Bralorne gold camp which historically produced over 4.0 million ounces. The mineralization is hosted by shear controlled veins containing arsenopyrite and gold. A total of 4,900 feet of drilling is planned to test a 300 by 1,500 ft. gold anomaly previously identified by soil geochemistry and trenching.

The Heidi claims in central Yukon are located just north of the Tintina Fault and cover ground having the potential to

host intrusive-related gold mineralization. Initial prospecting and chip sampling in 1995 indicated significant base and precious metal values. A grid-controlled surface program is planned this summer, and will be followed by a drill test, if warranted.

The McGarry/Dassarat property is located along the famous Larder Lake - Cadillac Break district directly east of the Kerr-Addison gold mine. Drilling on this property commenced in December of 1995



and is scheduled to resume in April 1996. The target is a relatively deep Kerr-Addison style replacement and stockwork hosted deposit.

CHRIS DOWNIE AND JEFF LEWIS
DISCUSS EXPLORATION TARGETS
AT ESKAY CREEK.

APR 29 1996

Geological Survey Station
MEMPR

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PRIME RESOURCES GROUP INC.

ANNUAL REPORT 1995

REACHING NEW HEIGHTS