

Newsrelease

887756

file → SNIP

November 6, 1989

No. 29

Trading Symbol: VSE-PMR

PRIME RESOURCES CORPORATION

Prime Resources Corporation ("Prime") is pleased to announce that Cominco Ltd. ("Cominco") has reported revised diluted ore reserves totalling 1,032,000 short tons (936,000 tonnes) averaging 0.875 ounce per ton gold (30.0 g/tonne) for the SNIP Deposit. Contained gold is 903,000 ounces. The revised grade is a 37% increase over the previous grade estimate made by Cominco in 1988. Cominco further states that the exploration potential below the current reserves is considered excellent.

The SNIP Deposit is located in the Iskut River area of northwestern British Columbia, and is 40% owned by Prime and 60% by Cominco. In 1988, prior to the recently completed drilling and underground development program on the property, Cominco had calculated the deposit contained a total of 1,573,000 short tons averaging 0.639 ounce per ton gold. This calculation was based on surface drill intercepts on 50-metre centres for inferred ore and on surface and underground drill intercepts on 25-metre centres plus limited underground development on two levels for indicated ore. Indicated tonnage was 179,000 short tons and inferred tonnage was 1,394,000 short tons. The total tonnage estimate included a 25% dilution factor and cutting of all high grade assays to 150 grams gold per tonne.

During the period from August 1988 to October 1989, 41,000 metres of underground drilling and 4,200 metres of underground development was completed, allowing Cominco to recalculate the reserves on the SNIP Deposit. The new indicated reserves at 876,000 short tons averaging 0.888 ounce per ton gold are based on underground development and 12.5-metre drill sections and centres for 90.1% of the deposit; inferred reserves of 172,000 short tons averaging 0.812 ounce per ton gold are based on drill sections and centres spaced 25 to 50 metres apart. The new calculation uses a cut-off grade of 0.35 ounce per ton gold, cutting of high grade assays to 150 grams gold per tonne, and a dilution factor of 20% at zero grade.

... 2

Newsrelease

- 2 -

The reduction in the dilution factor from 25% to 20% is based on mining experience gained by Cominco during the 1988-1989 underground development work. The revised diluted grade of 0.875 ounce per ton gold reflects not only the lower dilution factor but also confirms the very high grade and consistent nature of the deposit.

Preliminary mining studies based on the revised ore reserve figures are well advanced, and completion of a revised feasibility study is expected before the end of the year. As part of this study, proposals for road access to the site this winter are being actively pursued. The access road would result in significant lowering of both capital and operating costs for the SNIP Project and other advanced projects in the region. The Eskay Creek Project of Calpine Resources Incorporated (a Prime Group Company) and Stikine Resources Ltd. is located 26 miles to the east, and could also be provided with a road originating from the SNIP access road.

ON BEHALF OF THE BOARD OF DIRECTORS



Murray Pezim, Chairman of the Board

JOS → SNIP



Prime Resources Group Inc.

PRESS RELEASE #8

For Release at 8:00 a.m. Eastern Daylight Time, October 25, 1996

PRIME RESOURCES REPORTS THIRD QUARTER EARNINGS, HIGHER GOLD PRODUCTION, CONTINUED EMPHASIS ON EXPLORATION

Vancouver, B.C., October 25, 1996: Prime Resources Group Inc. ("Prime") (TSE, VSE:PRU) today reported net income of \$9.0 million or \$0.12 per share for the quarter ended September 30, 1996, compared with \$9.5 million or \$0.12 per share for the third quarter of 1995. Net income for the first nine months of 1996 was \$32.4 million or \$0.43 per share, compared to net income of \$25.2 million or \$0.33 per share for the corresponding period in 1995.

Third quarter revenues increased to \$52.1 million from revenues of \$39.5 million in the third quarter of 1995 and year-to-date revenues increased to \$154.9 from revenues of \$117.0 million in the first nine months of 1995. The increase in revenues is primarily due to the recent acquisition of an additional interest in the Snip mine, increased silver production at Eskay Creek and higher interest income. Effective April 30, 1996, Prime purchased a 60% interest in the Snip mine from Cominco and now owns 100% of this operation. The purchase of the Snip mine has also resulted in increases in overall production costs and depreciation.

Exploration expense during the third quarter increased to \$4.4 million from \$0.9 million in the same period of 1995. Surface and underground drilling programs at the Snip and Eskay Creek mines account for the majority of the increase. However, consistent with the Company's growth strategy, active exploration programs in the Yukon, Ontario and British Columbia also contributed to this increase in exploration spending. Prime's exploration expenditures will approximate \$9.0 million in 1996.

The Phase 2 surface drill program at Eskay Creek, which was designed to follow up the positive results encountered during Phase 1 drilling, has just been completed. An updated calculation of reserves and resources is currently in process and will be completed in the fourth quarter.

Prime's total gold and gold equivalent contained in ore, dore and concentrates sold was 124,352 ounces compared to 92,091 ounces in the three months ended September 30, 1995. Total cash costs, which include third-party smelter costs, decreased to US\$172 per gold equivalent ounce, 8% below the US\$187 per ounce reported in the third quarter of 1995. During the first nine months of the year, total production was 351,495 ounces of gold equivalent at a total cash cost of US\$171 per ounce compared to 284,646 ounces at a cost of US\$183 in 1995.

Production at the Eskay Creek mine for the three months ended September 30, 1996 was 48,400 payable ounces of gold and 3.0 million payable ounces of silver. On a gold equivalent basis, this represents 87,509 ounces, an 11% increase compared to 79,018 ounces produced in the corresponding period in 1995. A spot ore sale of 2,900 tons during the quarter was the primary reason for the increased production.

For the current quarter, total cash costs per ounce of gold equivalent at Eskay Creek decreased to US\$176 from US\$187 in 1995, and year-to-date US\$170 versus US\$185. Higher productivity, and reduced underground development work have contributed to the decline in cash costs per ounce.

Production at the Snip mine was 36,843 ounces compared to 13,073 ounces in the third quarter of 1995. Total cash costs for the quarter were US\$163 per ounce, compared with US\$189 in 1995. The third quarter results represent a significant improvement in the mine's performance as compared with the first six months of the year. A refocusing of the mining effort has led to increased underground efficiencies, which in conjunction with higher grades, has put Snip on track to achieve its 1996 production goals.

Prime is a precious metals mining company which owns both the Eskay Creek and Snip gold mines located in northwestern British Columbia. Homestake Canada Inc., a wholly-owned subsidiary of Homestake Mining Company (San Francisco, NYSE:HM), owns approximately 51% of Prime's shares and has been contracted by Prime to provide exploration, management and administrative services.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Ronald D. Parker
President and Chief Executive Officer
(604) 684-2345

or

Geoffrey A. Burns
Chief Financial Officer
(604) 684-2345

PRODUCTION HIGHLIGHTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
PRODUCTION (ounces)(1)				
Eskay Creek Mine				
Gold	48,400	48,217	160,054	152,019
Silver	2,983,236	2,231,194	9,005,572	6,893,228
Snip Mine (2)				
Gold	36,843	13,073	69,798	39,510
Total Gold and Gold Equivalent(3)	124,352	92,091	351,495	284,646
TOTAL CASH COSTS (US\$/Equiv. Ounce)				
Eskay Creek Mine	\$ 176	\$ 187	\$ 170	\$ 185
Snip Mine	163	189	175	174
 Average Cash Costs	 \$ 172	 \$ 187	 \$ 171	 \$ 183

439

1. Gold and silver are accounted for as co-products at Eskay Creek. Silver is converted to gold equivalent using the ratio of the silver market price to gold market price. These ratios were 76.3 ounces and 72.4 ounces of silver equals one ounce of gold in the three months ended September 30, 1996 and 1995 respectively, and 74 ounces and 74 ounces for the nine months ended September 30, 1996 and 1995 respectively.
2. Prime's ownership percentage in the Snip mine increased from 40% to 100% effective April 30, 1996.
3. Includes ounces contained in dore, concentrates and ore sold.

PRIME RESOURCES GROUP INC.
STATEMENTS OF CONSOLIDATED OPERATIONS
(Expressed in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Revenue:				
Product sales	\$ 50,667	\$ 38,850	\$151,114	\$115,902
Interest	1,392	696	3,773	1,139
	52,059	39,546	154,887	117,041
Costs and Expenses:				
Production costs	17,463	14,284	50,354	43,640
Depreciation, depletion and amortization	9,056	5,950	24,429	16,248
Administrative and general expense	678	1,013	2,220	2,298
Exploration expense	4,406	915	7,270	1,239
Interest expense	142	-	445	241
Foreign exchange (gain) loss	8	(88)	(89)	(24)
	31,753	22,074	84,629	63,642
Income before taxes	20,306	17,472	70,258	53,399
Income and mining taxes				
Current	(8,985)	(652)	(13,463)	(2,286)
Deferred	(2,311)	(7,354)	(24,380)	(25,957)
Net Income for the Period	\$ 9,010	\$ 9,466	\$ 32,415	\$ 25,156
Net Income Per Share	\$ 0.12	\$ 0.12	\$ 0.43	\$ 0.33
Average Shares Used in the Computation	76,074	76,074	76,074	76,074

Note: The comparative numbers have been restated to conform to the current years' presentation.

CONSOLIDATED BALANCE SHEETS
(Expressed in thousands)

	September 30, 1996	December 31, 1995
Assets		
Cash and short-term investments	\$ 111,892	\$ 69,055
Other current assets	34,521	29,978
Resource assets	221,365	196,570
Long-term advance	-	2,091
Investments	1,349	1,300
	369,127	298,994
Liabilities and Shareholders' Equity		
Current liabilities	\$ 21,307	\$ 8,376
Deferred taxes and other long-term liabilities	65,482	37,652
Shareholders' equity	282,338	252,966
	\$ 369,127	\$ 298,994