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PRIME RESOURCES GROUP INC. (PRU-V)

ISKUT RIVER/ESKAY CREEK ROAD TO BE BUILT - Lawrence  
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director, Prime Resources Group Inc., reports Premier William Vander Zalm announced the Provincial Government of B.C. has decided to build and maintain an access road into the Iskut River-Eskay Creek area northwest of Stewart, B.C. The road will greatly improve the economics of Prime's direct and indirect interests in its projects in the area.

Prime and joint venture partner STIKINE RESOURCES LTD. (SKZ-V,T) each have a 50% interest in the Eskay Creek project hosting the 21 Zone deposits. The 21A deposit has probable reserves of 183,000 tons averaging 0.71 oz.gold/ton and 6.8 oz.silver/ton at a cut-off grade of 0.25 oz.gold/ton. The 21B deposit, at the same cut-off grade, has probable reserves of 1,073,000 tons grading 1.66 oz.gold/ton, 43.3 oz.silver/ton, 2.1% lead and 5.2% zinc, and possible reserves of 437,000 tons averaging 0.88 oz.gold/ton, 32.8 oz.silver/ton, 2.1% lead and 4.8% zinc. Recent drilling has discovered more new zones of mineralization; the Pumhouse Lake and the 21C zone. (SEE GCNL No.99, 23May90, P.1 FOR DRILL RESULTS)

Preliminary engineering and environmental studies are now underway for the Eskay Creek project. The current drilling program with a budget of \$15,000,000 is expected to be complete by late June. The second phase of work in 1990 will include the driving of two adits into the northern and central portions of the 21B deposit to confirm its continuity and collect sufficient bulk sample material for metallurgical testwork. To this end, a pilot plant will be set up at Lakefield Research in Ontario.

Exploratory drilling of targets on the remainder of the property will continue throughout 1990. In total, the joint venture is planning about \$29,000,000 in expenditures for this year.

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