

NO.100(1992)
MAY 25, 1992

PRIME RESOURCES GROUP INC. (PRU-V)

ESKAY CREEK RESERVES AUDITED - John Ivany, president, reports Prime Resources Group Inc. has received results of a reserve audit recently completed as part of a feasibility study at its 50%-owned Eskay Creek gold project 65 km north of Stewart, B.C. STIKINE RESOURCES LTD. owns the other 50% of Eskay Creek with PLACER DOME INC. (PDG-V,T,M) holding an approximate 44% interest in Stikine. The audit, conducted by consultants Derry, Michener, Booth and Wahl, upgrades reserves of the 21B Zone to the probable category and estimates an approximate 10% increase in reserve ounces. Reserve projections previously released in Dec/91 were:

| <u>TONS</u> | <u>GRADE (OZ/T)</u> | <u>OUNCES</u> |
|-------------|---------------------|----------------------------|
| 1,150,000 | 1.86 gold | 2,140,000 gold |
| | 74.8 silver | 86,000,000 silver |
| | | 3,100,000 gold/gold equiv. |

The current estimate uses the same cut-off grade of 0.4 oz/ton gold equivalent and a 90:1 conversion ratio for gold and gold equivalent. The estimate also includes allowances for mining recovery and an approximate 27% dilution factor. The consultants conclude that the term "probable mining reserves" is appropriate to classify the Eskay Creek reserves as follows:

| <u>TONS</u> | <u>GRADE (OZ/T)</u> | <u>OUNCES</u> |
|-------------|---------------------|----------------------------|
| 1,190,000 | 1.91 gold | 2,270,000 gold |
| | 85.5 silver | 101,700,000 silver |
| | | 3,400,000 gold/gold equiv. |

These reserves include about 150,000 ounces of gold and gold equivalent in the TOK 3-6 gap in which Prime and STIKINE RESOURCES LTD. are currently earning a 50% interest. The report was commissioned by INTERNATIONAL CORONA CORP. (ICR-V,T,M) following a recent in-house re-estimation of reserves which incorporated new assay data for silver. Previous investigations had indicated a problem with the analytical process that had been used for determining the silver grades in extremely high grade areas. A substantial number of assay intervals have been re-assayed which resulted in an overall increase in the silver grade of about 10 oz./ton.

Metallurgical bench-scale testwork is ongoing in preparation for a confirmatory pilot plant run this fall. (SEE GCNL No.20, 29Jan92, P.1 FOR RELATED INFORMATION)

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