

**PRIME RESOURCES GROUP INC.**

[PRU-T, V] 71,073,913 SHS.

THREE MONTHS ENDED SEPTEMBER 30, 1995	1994
REVENUE \$ 38,850,000	\$ 8,149,000
COSTS & EXPENSES 22,074,000	6,238,000
NET INCOME FOR THE PERIOD 9,466,000	2,105,000
NET INCOME PER SHARE 12¢	3¢
AVERAGE SHARES 76,074,000	76,074,000

  

NINE MONTHS ENDED SEPTEMBER 30, 1995	1994
REVENUE \$ 115,902,000	\$20,532,000
COSTS & EXPENSES 63,642,000	15,399,000
NET INCOME FOR THE PERIOD 25,156,000	5,745,000
NET INCOME PER SHARE 33¢	8¢
AVERAGE SHARES 76,074,000	73,266,000

ESKAY CREEK HIKES EARNINGS - Ronald Parker, president, Prime Resources Group Inc., reported net income increased more than 300% for the quarter ended 30Sept95 compared with the third quarter of 1994. The growth in earnings is a direct result of the successful start-up of the Eskay Creek mine north of Stewart, northwest B.C. SEE PRODUCTION SUMMARY OVERLEAF P.2. Production of gold and gold equivalent in the ore and concentrates sold was 92,091 oz. during the third quarter compared with 4,091 oz. in the three months ended 30Sept94. Cash operating costs, which include estimated third-party smelter costs, were US \$187 per gold equivalent ounce, a small increase from the US \$186 per ounce reported in the third quarter of 1994. For the nine months ended 30Sept95, production was 284,646 ounces of gold equivalent at a cash cost of US \$183/oz. Ounces produced during 1995, should surpass the company's revised production target of 350,000 gold equivalent ounces.

Silver continues to account for over one-third of the company's revenues. Silver production from Eskay Creek was 6,900,000 ounces during the first nine months of 1995, making Prime one of the larger silver producers in the world.

The accelerated mine development program implemented in April is nearing completion. With more ore mining areas now available, Eskay Creek is well positioned to optimize ore blending thereby taking advantage of differences in smelter terms.

Due to a decrease in production at Eskay Creek in the current quarter as compared to the record production of the second quarter of 1995, cash costs increased marginally to US \$187 per equivalent ounce. For the nine months to September 1995, cash costs was US \$185 per equivalent ounce and are expected to remain at this level for the rest of the year.

Third quarter gold production at the nearby Snip mine was 13,073 ounces at a cash cost of US \$189/oz., compared with 14,091 ounces at a cash cost of US \$186/oz. for the similar period in 1994. The third quarter ore grades at Snip were slightly below expectations but should return to the life-of-mine reserve average for the remainder of the year.

Exploration expenditures during the three month period to 30Sept95 were \$915,000. These expenditures reflect the diamond drill programs at Eskay Creek and Snip along with the expanded Canadian generative program done in partnership with Homestake Canada Inc. The results and interpretations are pending but preliminary indications are both drilling programs were successful in encountering mineralized zones requiring further investigation. In addition, early stage projects were optioned and staked by the company and Homestake in B.C, the Yukon, Ontario and Quebec.

Prime Resources has a 100% interest in the Eskay Creek mine and a 40% interest in the Snip mine. Homestake, a subsidiary of Homestake Mining Company of San Francisco, California [HM-NY], owns about 51% of Prime's outstanding shares and has been contracted by Prime to provide managerial, technical and administrative services. (SEE GCNL NO.82, 28Apr95, P.1 FOR THREE-MONTH REPORT)

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