

PRIME RESOURCES GROUP INC.

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

THREE MONTHS ENDED MARCH 31, 1996	1995	
REVENUE	\$49,544,000	\$29,152,000
COSTS & EXPENSES	21,132,000	16,033,000
NET INCOME	13,203,000	5,435,000
NET INCOME PER SHARE	17¢	7¢

PRODUCTION HIGHLIGHTS		
THREE MONTHS ENDED MARCH 31, 1996	1995	
PRODUCTION (OZ) (1)		
ESKAY CREEK MINE		
GOLD	59,920	42,973
SILVER	2,851,929	1,798,905
SNIP MINE		
GOLD	11,752	12,622
TOTAL GOLD/GOLD EQUIV. (2)	111,160	77,849
TOTAL CASH COSTS		
(US PER EQUIVALENT OZ)		
ESKAY CREEK MINE	\$162	\$186
SNIP MINE	\$185	\$162
AVG. TOTAL CASH COSTS	\$164	\$182

(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 72 OUNCES AND 81 OUNCES OF SILVER EQUALS ONE OUNCE OF GOLD IN THE FIRST QUARTERS OF 1996 AND 1995, RESPECTIVELY.

(2) INCLUDES OUNCES CONTAINED IN DORE, CONCENTRATES ARE ORE SOLD.

FIRST QUARTER REPORT - Ronald D. Parker, president, Prime Resources Group Inc., reports financial results for the three months ended 31Mar96. The 1996 net income showed an increase of 145% over the previous year, reflecting an increase in production at the Eskay Creek Mine in northwest BC and higher gold and silver prices. Average gold and silver prices increased by US \$21 and US 83¢ per ounce to US \$400 and US \$5.54, respectively, from the first quarter of 1995. Total cash costs in the current quarter, which include third-party smelter costs, decreased 9%. Production is expected to decrease in the second quarter as ore grades at Eskay Creek returns to life-of-mine reserve averages. However, Prime is ahead of schedule to meet 1996's production target of 380,000 gold equivalent ounces at a cash cost of US \$185 per ounce. At 31Mar96, working capital had grown to \$125,600,000 from \$90,700,000 at the end of last year.

The Eskay Creek mine continues to exceed expectations as it begins its second year of operation. During the three months ended 31Mar96, shipments of ore were 28,600 tons containing 59,920 payable ounces of gold and 2,850,000 ounces of silver, or 99,408 gold equivalent ounces. This compares to the 20,400 tons of ore shipped in the first quarter of 1995 containing 65,227 gold equivalent ounces. This 65% increase in production primarily was due to higher than expected silver grades and to the completion of the first of two 2,750-ton spot ore sales to a smelter in the U.S. Higher productivity, reduced underground development and increased precious metal production all contributed to the US \$24 per equivalent ounce decline in cash costs.

Prime's share of production at the nearby Snip mine was 11,752 ounces compared to 12,622 ounces for the first quarter of 1995. The anticipated modest decline in production and increase in cash costs is

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a result of the mine's increasing reliance on less productive narrow-vein mining methods. The company's forecast for the remainder of 1996 indicates production is likely to be about 5% below 1995.

On March 28, Prime agreed to buy the **COMINCO LTD.** [CLT-V,T,M] 60% interest in the Snip Mine for \$55,000,000. The purchase price, which includes the mine's working capital, will be adjusted to reflect Cominco's share of Snip's cash flows from 1Jan96. This transaction closed 30Apr96 and should add some 49,000 ounces of gold to Prime's production over the balance of 1996. Cominco retained a 5% NSR on gold recovered from ore reserves not presently included in the measured, indicated and inferred reserves.

Late in the quarter, Prime began its 1996 exploration programs. Underground diamond drilling has started on both the NEX and Hangingwall zones at Eskay Creek and on the Twin West zone at the Snip Mine. These programs will continue throughout the year. In April, the company began drilling on the Ample/Goldmax property (49% Prime) in central BC. Planning for the balance of the year's exploration is ongoing with the field season scheduled to start in earnest in early May.

Prime has a 100% interest in the Eskay Creek mine and a 40% interest in the Snip Mine. Homestake Canada Inc. owns about 51% of Prime's shares. (SEE GCNL NO.64, 29Mar96, P.4 FOR SNIP MINE PROJECT INFORMATION)

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