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George Cross News Letter

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PRIME RESOURCES GROUP INC.

[PRU-V,T] 7,1073,913 SHS.

RESERVES UP 34% - Ronald Parker, president, Prime Resources Group Inc., reports the 1996 year end ore reserves and geological resources calculations have been completed.

As of 1Jan97, Prime has reserves and geological resources of 2,800,000 ounces of gold and 120,000,000 ounces of silver or 4,400,000 ounces of gold equivalent at the Eskay Creek and Snip mines located north of Stewart, northwest BC.

Over 1,000,000 ounces of gold equivalent were added to reserves and resources during 1996 at a cost of about US \$40 per equivalent ounce, including Snip mine acquisition costs. This includes a 34% increase in proven and probable reserves as completed to 1Jan96, before considering production in 1996. The growth in reserves was primarily a result of surface and in-mine exploration programs at Eskay Creek and the acquisition of the 60% of the nearby Snip mine the company did not already own.

The 1Jan97 reserve and resource calculations include the results of the recently completed, underground, in-fill drilling programs at both the Snip and Eskay Creek mines. The 1995 exploration program at Eskay Creek identified a geological resource of 264,000 gold equivalent ounces in the NEX and Hangingwall zones. During 1996, a total of 418,000 gold equivalent ounces in these zones were upgraded to proven and probable reserves. At the Snip mine, all 101,000 ounces of gold were previously reported as a geological resource have now been converted to ore reserves.

Mr. Parker said: "Two key objectives in 1996 were to replace all reserves mined and to increase the overall reserve base. About 1,200,000 equivalent ounces were added to proven and probable reserves in 1996." An allowance for mining dilution has been in the reserve calculations. SEE TABLE OF RESERVES OVERLEAF P.1.

Prime has approved a stock option program for eligible directors. Homestake Canada Inc., a wholly owned subsidiary of HOMESTAKE MINING COMPANY [HM-NY], owns about 51% of Prime shares and provides exploration management, managerial and administrative services to Prime. Prime expects to release its year ended 31Dec96 production and financial results on 7Feb97. (SEE GCNL NO.239, 11Dec96, P.4 FOR PREVIOUS ESKAY CREEK MINE INFORMATION)

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Proven and Probable Ore Reserves (at January 1):

	1997			1996		
	Tons (000's)	Grade (oz per ton)	Contained Oz (000's)	Tons (000's)	Grade (oz per ton)	Contained Oz (000's)
Eskay Creek mine						
Gold	1,397	1.732	2,418	1,124	1.875	2,108
Silver		79.3	110,810		83.4	93,752
Snip mine (2)						
Gold	369	0.722	267	153	0.776	119
Total Gold and Gold Equivalent (1)			4,124			3,445

Geological Resources (at January 1):

	1997			1996		
	Tons (000's)	Grade (oz per ton)	Contained Oz (000's)	Tons (000's)	Grade (oz per ton)	Contained Oz (000's)
Eskay Creek mine						
Gold	278	0.541	150	227	0.579	199
Silver		31.8	8,788		56.2	12,710
Snip mine (2)						
Gold	19	0.555	11	58	0.688	40
Total Gold and Gold Equivalent (1)			278			404

Note 1: Silver is converted to gold equivalent using the ratio of the silver market price to gold market price. For the purposes of the reserve and resource calculations the ratio was 77 ounces of silver equals one ounce of gold for both 1996 and 1997.

Note 2: January 1, 1997 reserves and resources are presented on a 100% basis as compared to 40% at January 1, 1996 reflecting the April 30, 1996 purchase by the Company of the 60% of the Snip mine that it did not already own.

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