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PRIME RESOURCES GROUP INC.

[PRU-T, V, AMEX] 76,073,913 SHS.

THREE MONTHS ENDED MARCH 31, 1998		1997
REVENUE	$58,460,000	$48,348,000
COSTS & EXPENSES	33,019,000	27,112,000
NET EARNINGS	11,298,000	8,996,000
EARNINGS PER SHARE	15¢	12¢
AVERAGE SHARES OUT.	76,074,000	76,074,000
PRODUCTION HIGHLIGHTS		
ESKAY CREEK MINE -		
GOLD (OZ)	73,440	54,337
SILVER (OZ)	3,170,885	2,822,294
SNIP MINE -		
GOLD (OZ)	23,692	28,248
TOTAL GOLD & GOLD EQUIV.	164,860	122,827
TOTAL CASH COSTS (US$/OZ):		
ESKAY CREEK MINE	121	165
SNIP MINE	224	204
AVERAGE TOTAL CASH COSTS	136	174

NOTE: SILVER IS CONVERTED TO GOLD EQUIVALENT USING THE RATIO OF THE SILVER PRICE TO THE GOLD PRICE. THIS RATIO WAS 47 OZ. SILVER EQUALS 1.0 OZ. GOLD FOR YEAR TO DATE 31MAR98.

FIRST QUARTER REPORT - Walter Segsworth, president, Prime Resources Group Inc., reports financial and production results for the three months ended 31Mar98; see table above. Total production of gold and gold equivalents contained in ore, doré and concentrates increased by 34% compared to the first three months of 1997 to a company record 164,860 ounces. Total cash costs, which include third party smelter costs, declined 22% compared the first three months of 1997.

Revenues from doré, concentrate and ore sales in the first three months of 1998 increased 20% compared to 1997. Increased gold production and higher silver prices more than offset the decline in gold prices. About 42% of sales revenue in the first three months of 1998 was attributable to Eskay Creek silver production.

Cash flow from operating activities increased to $19,300,000 in the first quarter of 1998 compared to $16,700,000 for the 1997 quarter, due to increased production and higher silver prices, partially offset by lower gold prices and higher non production costs.

Prime Resources paid income and mining taxes of $11,600,000 during the first quarter of 1998, (including $4,700,000 for the 1997 taxation year) compared to $46,300,000 during the first quarter of 1997 (including $35,600,000 for the 1996 taxation year). At 31Mar98 Prime had $182,800,000 in current working capital, including cash and short-term investments of $160,200,000. With no debt, the company's financial position continues to remain strong.

At the Eskay Creek Mine northwest of Stewart, northwest BC, production increased due to the new gravity/flotation mill, a reduction in the gold/silver equivalency ratio, and 20% higher gold grades in direct ore sales, partially offset by a planned 17% reduction in direct ore sale tonnage. Commercial production from the new 165

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CONTINUED FROM PAGE ONE - Concentrate sales from this new facility contributed 13,934 ounces of gold and 474,238 ounces of silver to reported production during the first three months of 1998. Total cash costs, including third party smelter costs, decreased 27% to US $121 per gold equivalent ounce at Eskay Creek for the quarter compared to 1997. Increased production and a decrease in the gold/silver equivalency ratio were the primary reasons for the decline in cash costs.

Based on 1Jan98 proven and probable reserves, which were calculated assuming a US $325 gold price, the nearby Snip mine is scheduled to cease production in the second quarter of 1999. Gold prices were below US $325 during the quarter and if prices do not improve, some of the remaining reserves may not be economic. In light of this, the amortization and depreciation of the remaining capital costs were accelerated during the quarter such that all these costs will be completely recovered by the end of 1998

Exploration expenditures were $1,100,000 during the first three months of 1998 compared to $400,000 in 1997. Most of the increase was attributable to underground programs at the operating mines. At Eskay Creek, 17,300 feet of diamond drilling was completed, primarily from the extension of the No.5 ramp to test the mineralized material at the north end of the mine. At Snip, the majority of the planned 1998 exploration was completed with 23,600 feet of diamond drilling. In addition, a limited final surface drilling program was carried out at Snip. Neither program at Snip resulted in a significant increase in reserves.

During the first quarter of 1998 the board of directors approved a gold and silver hedging policy. This policy allows Prime to hedge up to 40% of its estimated annual gold and silver production for each of the next five years if forward prices exceed certain targeted amounts. During the first quarter of 1998, Prime placed the following silver hedge positions under this new policy: 2,900,000 ounces at an average price of US $6.33 in 1999, 2,900,000 ounces at US $6.32 in 2000, and 1,200,000 ounces at US $6.00 in 2001.

Effective 13Ap98, Walter T. Segsworth was appointed president and CEO , to replace Ronald D. Parker who resigned in February.

After Prime and Homestake Canada Inc. terminated the agreement to purchase the Troilus mine in Quebec from **INMET MINING CORP.** [IMN-T] in December 1997, Inmet began litigation in February, 1998. Prime believes the agreement was terminated properly and legal action by Inmet is without merit.

Prime's production target for 1998 is 345,000 ounces of gold and 11,000,000 ounces of silver at an average total cash cost of US $174 per gold equivalent ounce.

Prime is exploring with particular emphasis on the region around the Eskay Creek mine, where the company continued to acquire land through option agreements and staking. The first phase exploration budget for 1998 has been set at $6,900,000; additional funds will be made available if success warrants.

Prime 100% owns the Eskay Creek and Snip gold mines. Homestake Canada Inc., a wholly owned subsidiary of **HOMESTAKE MINING COMPANY** [HM-NY], owns 50.6% of Prime's shares and has been contracted by Prime to provide exploration, managerial and administrative services. (SEE GCNL NO.50, 12Mar98, P.3 FOR EXPLORATION INFORMATION)

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n per day gravity/flotation mill began 1Jan98 as scheduled. This w facility is performing in line with design specifications with ghtly better than expected concentration ratios achieved to date.