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# George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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## CANARC RESOURCE CORP.

[CCM-T, V; CRCUF-NASDAQ BB; BERLIN] 35,436,548 SHS.

## PRIME RESOURCES GROUP INC.

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

GNC PROJECT DRILLING REPORT - Bradford Cooke, president,  
Canarc Resource Corp.,

reports drilling by Prime Resources Group Inc. on the GNC property in 1997 has intersected anomalous metal values within the same rock formations that host the Eskay Creek Mine, located about 3.5 km along strike to the northeast, north of Stewart, northwest BC.

The GNC property (930 hectares) is owned by Prime (66 2/3%) and Canarc (33 1/3%) and adjoins Prime's Eskay Creek Mine in northwestern British Columbia. Canarc's one-third interest is carried whereby Prime must incur all expenditures to production.

Drill hole GNC 97-30X (1,006 m) is a 243 metre deep extension of hole GNC 92-30 (763 m), which for technical reasons did not reach the favourable Eskay Creek Mine stratigraphy.

Hole GNC 97-30X returned anomalous metal values within the favourable Eskay Creek ore horizon, hangingwall mudstones and andesites and footwall rhyolites, including individual and separate 1 metre intervals assaying up to 0.66% zinc, 0.37% copper, 6 grams silver/tonne and 63 ppb gold. These assay values indicate a hydrothermal system was active in the vicinity of this drill hole.

The Eskay Creek ore horizon, where intersected by hole GNC 97-30X, is 3.3 metre thick and contains 30% semi-massive sulphides, principally pyrite, and pervasive carbonate alteration. Underlying this zone, the footwall rhyolite breccias are altered to chlorite and sericite, followed by a thick, sericite-altered autobrecciated rhyolite sequence, further evidence a strong hydrothermal system was present in these rocks.

The Eskay Creek Mine is one of the highest grade volcanogenic massive sulphide deposits in the world, with ore reserves prior to the start of production in 1995 estimated at 1,100,000 tonnes grading 65.5 grams gold/tonne, 2,933 grams silver/tonne, 5.6% zinc, 2.9% lead and 0.8% copper. This represented 2,300,000 ounces of gold and 102,000,000 ounces of silver at a gold equivalent grade of 3.3 oz/ton. Production for 1997 is projected at 400,000 ounces of gold equivalent at a cash cost of US \$160 per oz.(est.) or 17,000,000 ounces silver equivalent at a cash cost of US \$3.70 per oz. (est.).

Prime Resources has proposed a deep drilling program in 1998 in the area of hole GNC 97-30X to test the potential for Eskay Creek-type massive sulphide mineralization on the GNC property. Results should be available by the end of the third quarter. (SEE GCNL NO.18, 27Jan98, P.2 FOR SARA KREEK PROJECT INFORMATION)

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