

ESKAY CREEK (#21 ZONE) DEPOSITS**Prime Resources Group Inc.****Stikine Resources Ltd.**

High-grade gold, silver and base metal deposits, collectively known as the #21 zone, occur at Eskay Creek 80 kilometres (50 miles) northwest of Stewart, British Columbia. Access is by helicopter, but an airstrip and a road to the Stewart-Cassiar highway (HWY 37) are under construction.

Most of the mineralization occurs as a stratabound sheet within a thin sequence of carbonaceous mudstones between footwall felsic volcanics and hangingwall pillowed andesitic flows and breccias. The deposits show characteristics of both syngenetic and epigenetic ores. Much of the 21B deposit consists of stratiform lenses of semi-massive to massive sulphides: sphalerite, tetrahedrite, boulangerite, bournonite, galena and pyrite suggesting syn-sedimentary mineralization. However, the footwall section of 21B also has high-grade, epithermal, bonanza-type quartz veins. The stratabound 21A deposit contains abundant stibnite and realgar more typical of epithermal deposits.

Since September, 1988 over 450,000 feet (137,000 metres) of diamond drilling in 666 holes has been completed. The entire zone extends more than 1400 metres (4,593 feet) along strike, 250 metres (820 feet) down dip and is from 5 to 45 metres (16 to 150 feet) thick. Work to date has delineated four deposits (the 21A, 21B, 21C and Pumphouse Lake). The largest and richest deposit is the 21B; geological reserves are 3,959,000 tonnes grading 26.4 grams per tonne gold and 998.4 grams per tonne silver, (4,364,000 tons; 0.77 ounces per ton gold; 29.12 ounces per ton silver). A 5000 foot (1500 metre) decline is now under construction for underground exploration and bulk sampling putting the property at an advanced exploration stage of development.