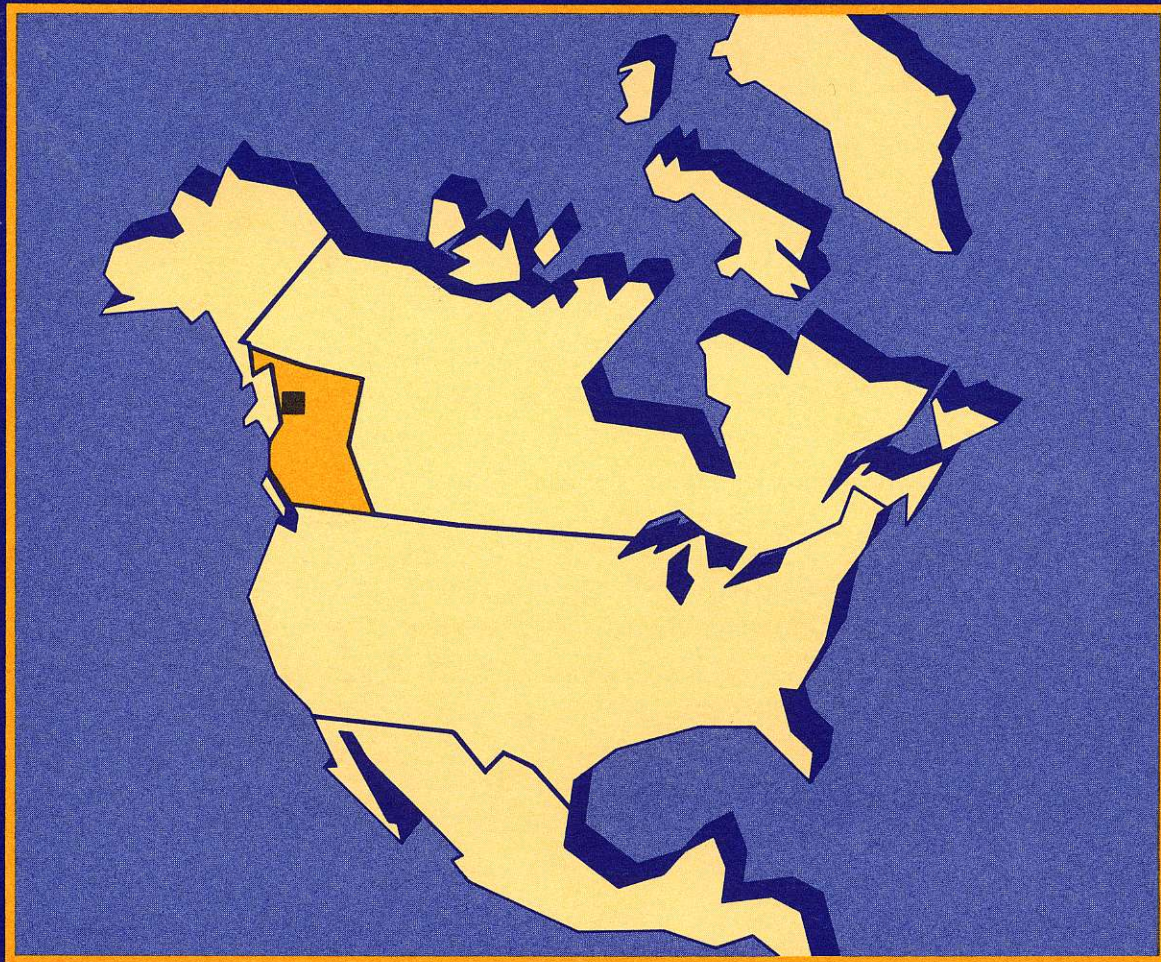


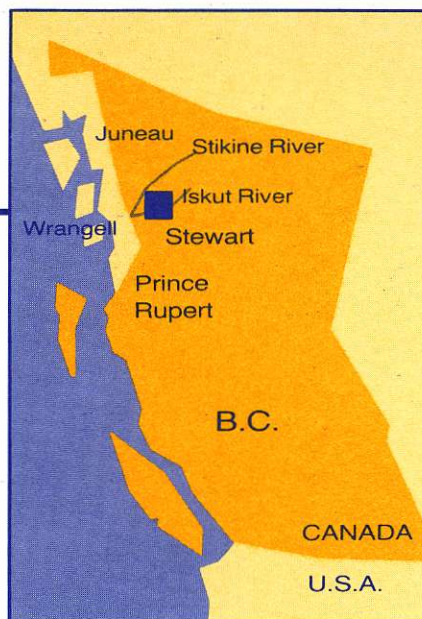
PRIME RESOURCES CORPORATION

Special Report

802835



The Iskut Sulphurets Area



The Key Player

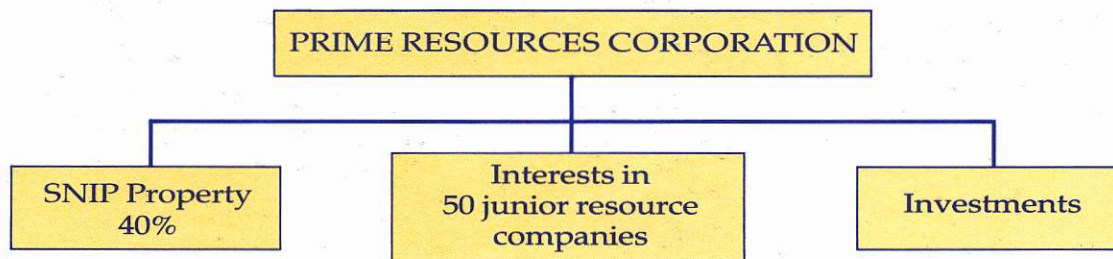
Prime Resources Corporation

By far the most active company in the Iskut/Sulphurets area is Prime Resources Corporation. Prime itself and through its holdings in junior resource companies in Vancouver, controls over 60% of the land position in this region, and has spent at least \$15,000,000 in 1988 on exploration and development. Prime is headed by Canada's leading mining financier, Murray Pezim.

Murray Pezim, best known for discovering Canada's largest gold ore body, the Hemlo gold deposit, feels the Iskut-Sulphurets area will be the richest and most exciting gold exploration area in North America for years to come.

Prime Resources Corporation was formed in early 1989 through business arrangements with Delaware Resources Corp., Colossus Resource Equities Inc. and Prime Capital Corporation. Prime with assets of over \$150,000,000 is also a major shareholder of Corona Corporation.

Corona, one of North America's largest gold producers, has a market capitalization of over \$2 billion and estimates gold production for 1989 at over 450,000 ounces.

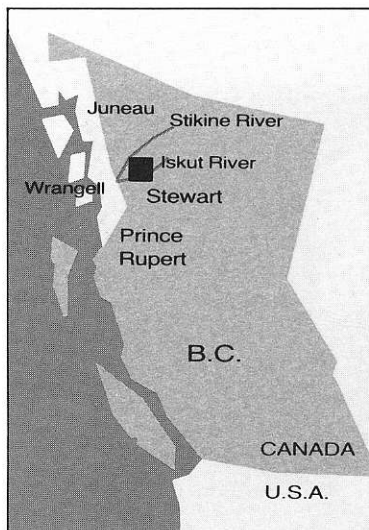


The Iskut – Sulphurets Area

Special Report



Introduction

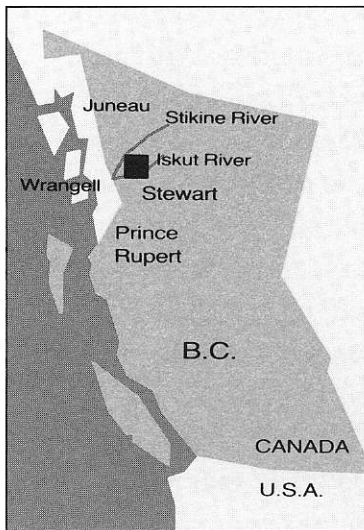


The Iskut/Sulphurets area is fast becoming Canada's premier gold exploration camp.

This region, covering approximately 3,000 square miles, has unveiled five major gold deposits totalling over 6,400,000 ounces of gold. Further exploration has yielded impressive results on several projects throughout the area.

Early exploration dates back to 1907 when the Iskut Mining Company discovered numerous veins and stringers hosting galena and gold and silver mineralization near the SNIP and Johnny Mountain areas. By the 1930s, companies such as Cominco Ltd. started initial exploration programs. Recently Granduc Mines, Esso Minerals, Newmont Mining Corporation and finally in the early 1980s, Prime Resources Corporation, Skyline Exploration and Corona Corporation acquired select properties throughout the area.

Geology



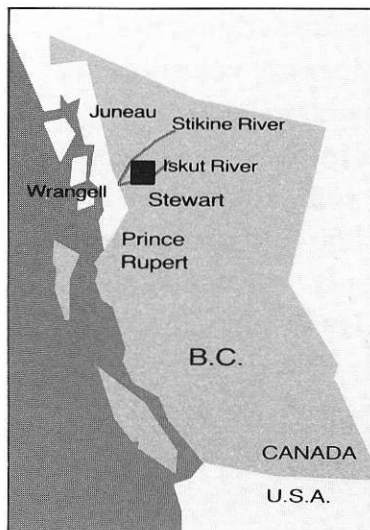
The dominant lithologies underlying the Iskut-Sulphurets area are Jurassic volcanic and sedimentary rocks considered to be of the Hazelton Group. These are intruded by Tertiary intrusives of the Coast Plutonic Complex. Similar rocks host the prolific gold-silver and base metal mines to the south near Stewart. Structurally, the area is cut by several directions of faulting, which control not only the major topographic features but which also appear to define linear zones which localize the numerous showings and deposits.

The intricate relationships between structure, lithology and geologic history are reflected in the various styles of mineralization in north-western British Columbia. From the base metal deposits at Granduc Mountain through the silver-rich Premier Silbak Mine at Stewart to the gold-rich SNIP and Johnny Mountain deposits at the Iskut River, there are many geological environments with economic mineralization, and excellent potential for the discovery of new deposits.

Recognition of this potential has led to renewed interest in this part of British Columbia by numerous Vancouver-based junior mining companies as well as established major companies. Expenditures in the Iskut-Sulphurets area by Prime Resources Corporation companies for the past season exceeded \$15,000,000; with Calpine Resources Incorporated's new gold discovery at Eskay Creek, 1989 is anticipated to be another exciting year for the Prime Group of Companies.

Prime Resources Corporation

SNIP Deposit



The SNIP Deposit is developing into one of the richest gold mines in North America. With an anticipated average grade of 0.75 ounce/ton gold, the deposit hosts over 1,000,000 ounces of gold. An independent study of the reserves including some parallel zones outside the Twin zone has increased the mineable proven and probable high grade reserves (at 0.380 cutoff) to 1,691,000 tonnes at a grade of 0.834 ounce/ton gold, a contained gold content of 1,410,000 ounces.

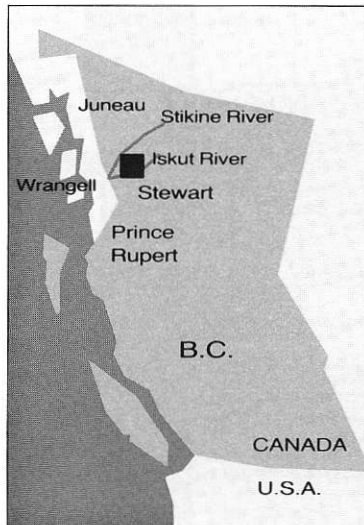
Prime Resources Corporation and its partner Cominco Ltd. have completed an extensive exploration and development program to prove up reserves on the Twin Zone of the deposit. Drilling results from this zone include 15 feet of 4.05 ounces/ton gold from the 325m level. Another nearby hole encountered 8.5 feet assaying 1.42 ounces/ton gold.

The Twin Zone is a vein system hosted by a shear cutting across clastic sedimentary rocks. Gold is associated with calcite, quartz and pyrite with minor galena and chalcopyrite. Other veins within the shear which also are a part of the SNIP Deposit have not been fully delineated, and are anticipated to contribute to future reserves.

By December of 1988, Prime Resources Corporation has spent \$10,000,000 on surface exploration and mine development. The airstrip has been upgraded to allow mobilization of mining equipment by Hercules aircraft. Currently Cominco is preparing the mill and tailings pond sites and is continuing the development of the Twin Zone reserves, with production scheduled for October of 1989.

Calpine Resources Incorporated

Eskay Creek Project



Calpine and its partner Consolidated Stikine Silver Ltd. have recently announced outstanding results on a property located at Eskay Creek, situated roughly midway between the Iskut River and Sulphurets deposits. The property features a number of elongate mineralized zones containing sulphides with appreciable precious metals content. These zones lie within NNE trending zone of silicification and shearing up to 1,500 feet wide and at least 5,000 feet long. The initial drilling in 1988 concentrated on the 21 Zone, and yielded intersections of:

21 Zone	ounce/ton gold	ounce/ton silver
21.3 feet	0.20	—
242.1 feet	0.136	2.03
96.5 feet	0.752	1.13

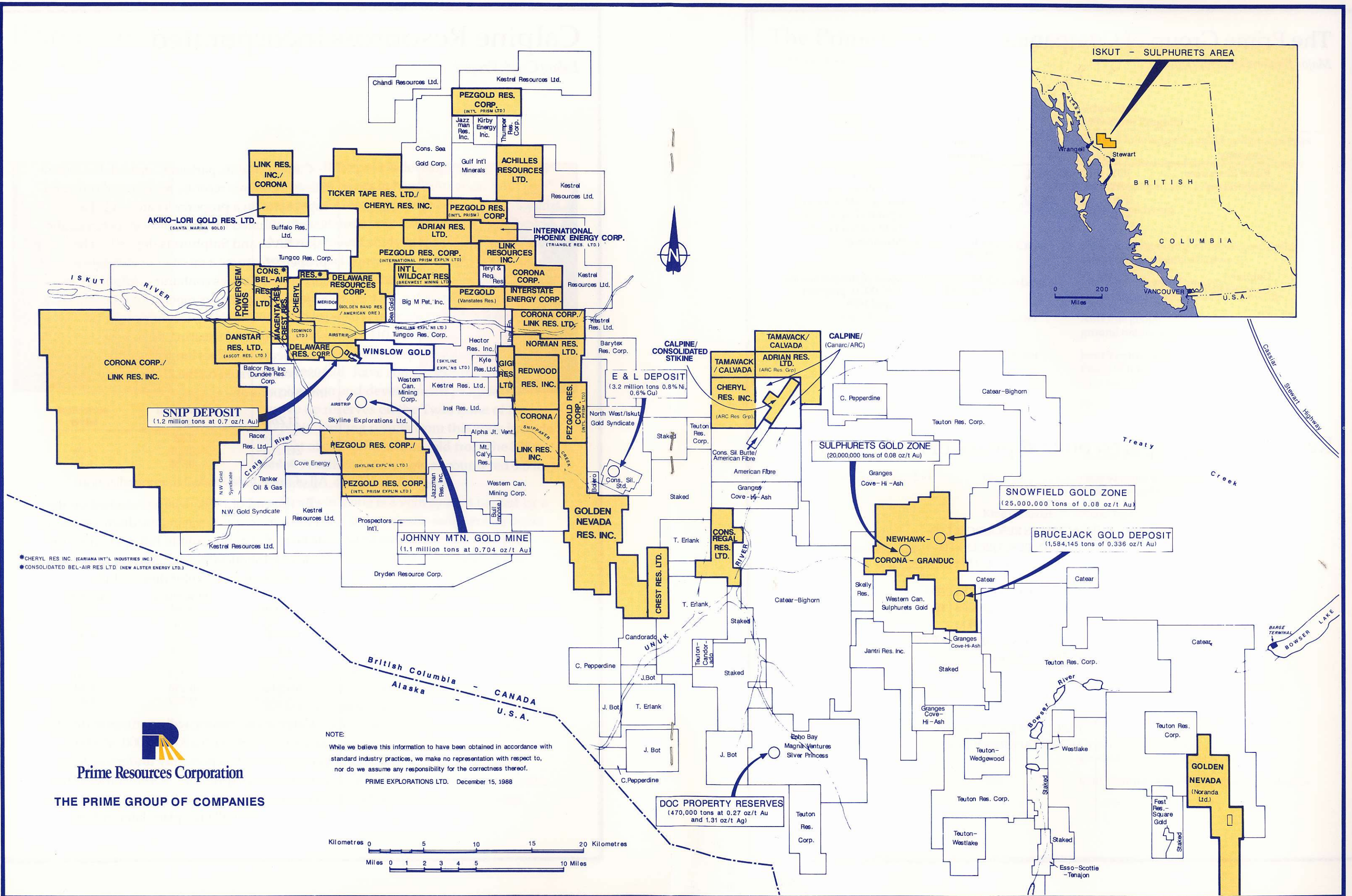
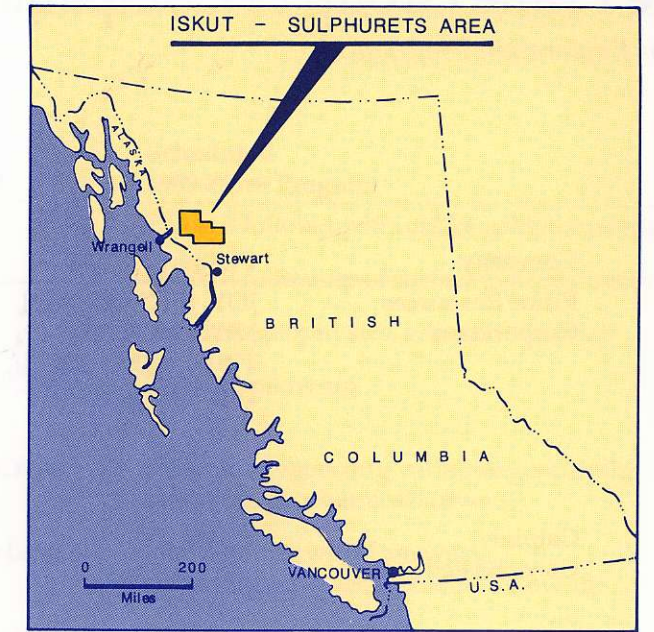
All of these holes ended in mineralization.

By the end of 1988, drilling resumed on the 21 Zone to continue tracing the discovery along strike and at depth, and to fully penetrate the zone of mineralization across its width. Assays from this renewed exploration include:

21 Zone	ounce/ton gold	ounce/ton silver
157.4 feet	0.163	0.20
273.9 feet	0.172	1.47
181.4 feet	0.258	4.79
44.3 feet	0.323	0.26
132.9 feet	0.229	3.50
103.4 feet	0.198	4.84
98.4 feet	0.589	9.65

Calpine and Stikine will continue to drill the 21 Zone in 1989 with a \$3,000,000, 45,000 ft. program which is presently underway to be concluded by April 1989. Several other zones have had preliminary testing and comprehensive programs will take place later in 1989.

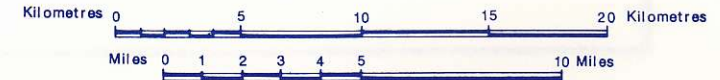
ISKUT RIVER — SULPHURETS MINING CAMPS



*CHERYL RES. INC. (CARIANA INT'L INDUSTRIES INC.)
 *CONSOLIDATED BEL-AIR RES. LTD. (NEW ALSTER ENERGY LTD.)

NOTE:
 While we believe this information to have been obtained in accordance with standard industry practices, we make no representation with respect to, nor do we assume any responsibility for the correctness thereof.
 PRIME EXPLORATIONS LTD. December 15, 1988


Prime Resources Corporation
 THE PRIME GROUP OF COMPANIES



The Prime Group of Companies

Major Exploration Programs

Company	Claims	Current Work Program
Prime Resources Corporation	JOY, JP, CAM, WIN, NWG, INHINI, TWIN, MAC, ZIO, JJ, DD, LISA, ZIP	Underground development in progress on the SNIP deposit. Diluted reserves of 1,580,000 tonnes grading 0.639 oz/ton gold. Further drilling on parallel zones outside the Twin zone to increase reserves to indicated 1,691,000 tonnes of 0.834 oz./ton gold.
Calpine/ Consolidated Stikine	TOY/KAY	Drilling plan finalized. Calpine has started to drill a \$3,000,000, 45,000 ft. program to be completed by April 1989.

Reports being prepared on first phase of exploration

ACHILLES RESOURCES LTD.
ADRIAN RESOURCES LTD.
AKIKO-LORI GOLD RESOURCES LTD.
CONSOLIDATED
BEL-AIR RESOURCES LTD.
DANSTAR RESOURCES LTD.
GIGI RESOURCES LTD.
GOLDEN ISKUT RESOURCES INC.
INTERNATIONAL
PHOENIX ENERGY CORP.
INTERNATIONAL
WILDCAT RESOURCES LTD.
NORMAN RESOURCES LTD.
PEZGOLD RESOURCE CORPORATION
TICKER TAPE RESOURCES LTD.

The Prime Group of Companies

1989 Iskut/Sulphurets Exploration Programs

Company	Project	Scheduled 1989 Work Program
Achilles Resources Ltd.	Gab	Phase II follow-up of surface gold discoveries
Adrian Resources Ltd.	New	Phase II follow-up of surface gold discovery
	Ski	Airborne geophysics, ground follow-up
Akiko-Lori Gold Resources Ltd.	Marina Option	Phase II follow-up
Calpine Resources Inc.	Eskay Creek	Drilling, prospecting, airborne geophysics, mapping, geochemical surveys
Calvada Resources Inc.	Albino Lake	Joint Venture with Tamavack; airborne geophysics, ground follow-up
Cheryl Resources Inc.	Lakewater	Airborne geophysics, ground follow-up, prospecting
	Iskut River	Joint Venture with Ticker Tape; Phase III follow-up of gold and base metals discoveries, drilling
Cons. Bel-Air Resources Ltd.	New Alster Option	Phase II follow-up
Cons. Regal Resources Ltd.	Virginia Lake	Airborne geophysics, ground follow-up, prospecting
Crest Resources Ltd.	Phiz	Joint Venture with Magenta; drilling, geophysics
	King Consoat	Phase I geochemical surveys, geology, airborne geophysics
Danstar Resources Ltd.	Ascot Option	Phase II follow-up
Gigi Resources Ltd.	Cam	Phase III follow-up of surface base metal discovery
Golden Nevada Resources Inc.	Julian Lake	Airborne geophysics, ground follow-up, prospecting
International Phoenix Energy Corp.	Triangle Option	Phase II follow-up
International Wildcat Resources Ltd.	Brenwest Option	Drilling, Phase II follow-up, prospecting
Interstate Energy Corp.	Joy	Phase I prospecting, geochemical surveys
Link Resources Inc.	Iskut	Option to Corona Corp.; prospecting, geochemical surveys, mapping
Magenta Development Corp.	Phiz	Joint Venture with Crest; drilling, geophysics

The Prime Group of Companies

1989 Exploration Programs (Cont.)

<u>Company</u>	<u>Project</u>	<u>Scheduled 1989 Work Program</u>
Norman Resources Ltd.	JP-Cam	Phase III follow-up of gold discoveries, drilling
Pezgold Resource Corporation	Gab	Phase III follow-up of gold and silver discoveries, drilling
	Newjoy	Phase III follow-up of gold and silver discoveries, drilling
	Verjoy	Phase III follow-up of gold and silver discoveries, drilling
	Hag	Phase II follow-up
	Cam	Phase II follow-up
	Androne	Phase III follow-up of gold discoveries, drilling, geophysics
	Vanstates Option	Phase II follow-up
Powergem Resource Corporation	Rock & Roll	Joint Venture with Thios; Phase I prospecting, geochemical sampling
Prime Resources Corporation	SNIP	SNIP Deposit to go into production in 1989; surface and underground exploration, prospecting, drilling
	Iskut Joint Venture	Drilling Gorge showing gold discovery, prospecting
Redwood Resources Inc.	Josh	Phase I prospecting, trenching, geophysics, geochemical surveys
Tamavack Resources Inc.	Ski	Joint Venture with Calvada; airborne geophysics, ground follow-up
Thios Resources Inc.	Rock & Roll	Joint Venture with Powergem; Phase I prospecting, geochemical sampling
Ticker Tape Resources Ltd.	Iskut River	Joint Venture with Cheryl; Phase III follow-up of gold and base metals discoveries

The Prime Group of Companies

Company	Trading Symbol		Authorized	Issued
Achilles Resources Ltd.	ACL	VSE	20,000,000	3,861,520
Adrian Resources Ltd.	ADL	VSE	20,000,000	3,582,153
Akiko-Lori Gold Resources Ltd.	AKI	VSE	100,000,000	3,728,445
Argo Development Corp.	ARG	VSE	20,000,000	2,163,168
Avondale Resources Inc.	AVD	VSE	10,000,000	1,781,000
Calpine Resources Incorporated	CLP	VSE/ASE	18,203,571	12,345,610
Calvada Resources Inc.	CVH	VSE	10,000,000	1,816,000
Canacord Resources Inc.	CQD	TSE	unlimited	14,272,477
Cheryl Resources Inc.	CYU	VSE	20,000,000	2,386,450
Consolidated Bel-Air Resources Ltd.	CBT	VSE	20,000,000	2,349,333
Consolidated Goldwest Resources Ltd.	KGG	VSE	100,000,000	2,067,089
Consolidated Regal Resources Ltd.	KRE	VSE	20,000,000	1,187,228
Consolidated Rhodes Resources Ltd.	RRS	VSE	20,000,000	1,814,717
Corpotech Industries Inc.	CH	VSE	20,000,000	2,018,983
Crest Resources Ltd.	CQR	VSE	20,000,000	1,894,591
Danstar Resources Ltd.	DST	VSE	20,000,000	4,413,561
Destiny Resources Ltd.	DNY	VSE	25,000,000	6,860,155
Eagle Pass Resources Ltd.	EGP	VSE	20,000,000	3,001,033
E.L.E. Energy Inc.	ELI	VSE	20,000,000	3,197,183
Exador Resources Inc.	EXX	TSE	unlimited	9,108,970
Gigi Resources Ltd.	GIG	VSE	20,000,000	3,750,392
Golden Iskut Resources Inc.	GIS	VSE	10,000,000	4,135,369
Golden Nevada Resources Inc.	GVA	VSE/TSE	20,000,000	9,758,023
Gypsy Resources Ltd.	GPY	VSE	100,000,000	1,952,800
Halcyon Resources Ltd.	HYN	VSE	20,000,000	5,469,613
Int. Impala Resources Ltd.	IIR	VSE	20,000,000	4,447,716
Int. Maple Leaf Resources Corp.	IMP	VSE	20,000,000	2,832,505
Int. Phoenix Energy Corporation	IPY	VSE	20,000,000	10,043,340
Int. Viking Resources Inc.	IVG	ASE	20,000,000	1,687,500
Int. Wildcat Resources Ltd.	IWC	VSE	20,000,000	3,283,184
Interstate Energy Corp.	ITS	VSE	100,000,000	3,251,201
Link Resources Inc.	LR	VSE	10,000,000	3,388,631
Magenta Development Corp.	MGT	VSE	25,000,000	3,621,330
Mintel International Development Corp.	MTD	VSE	20,000,000	6,875,064
Norman Resources Ltd.	NMZ	VSE	20,000,000	5,860,700
Pezgold Resources Corporation	PEZ	VSE	20,000,000	7,006,516
Powergem Resource Corporation	PWG	VSE	10,000,000	3,609,719
Prime Resources Corporation	PMR	VSE	400,000,000	58,490,896
Ravenroc Resources Ltd.	RRC	VSE	10,000,000	3,304,520
Redwood Resources Inc.	RDW	VSE	20,000,000	1,737,992
Rockridge Mining Corporation	RIM	VSE	25,000,000	5,153,218
Sierra Madre Resources Inc.	SQC	VSE	10,000,000	1,731,001
Silverquest Resources Ltd.	SQT	VSE	20,000,000	3,380,634
Solidor Resources Inc.	SLZ	VSE	20,000,000	1,803,069
Tamavack Resources Inc.	TKS	VSE	10,000,000	8,956,631
Thios Resources Inc.	THI	VSE	100,000,000	3,836,631
Ticker Tape Resources Ltd.	TKT	VSE	20,000,000	2,890,000
Trans International Gold Corporation	TNI	VSE	10,000,000	1,905,001
U.S. Grant Gold Mining Company Limited	USG	VSE	20,000,000	7,023,112
Waddy Lake Resources Inc.	WAD	VSE/TSE	20,000,000	4,804,204
Wildfire Resources Ltd.	WIF	VSE	20,000,000	9,457,367

Corporate Information

CORPORATE HEADQUARTERS

Prime Resources Corporation
Prime Capital Place
P.O. Box 10 - 11th Floor
808 West Hastings Street
Vancouver, B.C.
V6C 2X6

Telephone (604) 687-7463
Facsimile (604) 681-2578

LISTINGS

Vancouver Stock Exchange
Trading Symbol: PMR - VSE

OPERATING SUBSIDIARIES

Prime Explorations Ltd.
Prime Capital Corporation
Prime Management Ltd.

BANKERS

Bank of Montreal
Main Branch
595 Burrard Street
Vancouver, B.C., Canada V7X 1L5

SOLICITORS

Worrall Scott & Page
100 - 200 Granville Street
Box 25
Vancouver, B.C., Canada V6C 1S4

AUDITORS

Touche Ross & Co.
1700 - 666 Burrard Street
Vancouver, B.C., Canada V6C 3B3