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WESTERN CANADIA

PRIME RESOURCES CORPORATION (PMR-V)

COMINCO LTD. (CLT-V,T,M)

INCREASED RESERVES AT SNIP - Murray Pezim, chairman of Prime Resources Corp., reports Cominco Ltd. (CLT-V,T,M) has upwardly revised diluted ore reserves to 1,032,000 tons averaging 0.875 oz.gold/ton for the SNIP deposit, 65 miles NW of Stewart, B.C. Contained gold is 903,000 ounces. Cominco further states the exploration potential below the current reserves is considered excellent. The revised grade is a 37% increase over the previous calculations done in 1988.

Prime owns 100% of the property and Cominco has the right to earn back a 60% interest by incurring double Prime's costs, commissioning a feasibility study and delivering a production notice. From Aug/88 to Aug/89, a total of 41,000 meters of underground drilling and 4,200 meters of underground development was completed, allowing Cominco to recalculate reserves. The new indicated reserves at 876,000 tons averaging 0.888 oz.gold/ton are based on underground development and 12.5-meter drill sections and centres for 90.1% of the deposit; inferred reserves of 172,000 tons averaging 0.812 oz.gold/t are based on drill sections and centres spaced 25 to 50 meters apart. The new figures use a cut-off grade of 0.35 oz.gold/t, cutting of high assays to 150 grams gold/tonne (4.38 oz/gold per ton) and a dilution factor of 20% at zero grade. The reduction of the dilution factor from 25% to 20% is based on mining experienced gained by Cominco during the development work.

Preliminary mining studies based on the revised ore reserve figures are well advanced, and completion of a revised feasibility study is expected before the end of the year. As part of the study, proposals for roads access to the site this winter are under consideration. An access road would result in significantly lowering capital and operating expenses for the SNIP project. The Eskay Creek project 26 miles east may share the road.

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