

1710 - 609 GRANVILLE ST
PO BOX 10363
VANCOUVER BC
CANADA V7Y 1G5
(604) 683-7265 FAX 683-5306
BBS 683-7206

George Cross News Letter

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PRIME RESOURCES GROUP INC.

(PRU-T, V) 71,073,913 SHS.

| YEAR ENDED DECEMBER 31, | 1995 | 1994 |
|-------------------------|----------------|--------------|
| REVENUE | \$ 155,900,000 | |
| NET EARNINGS | 36,500,000 | \$ 7,100,000 |
| EARNINGS PER SHARE | 48¢ | 10¢ |

NET INCOME INCREASES 412% - Prime Resources Group Inc. reports financial and production results for the year ended 31Dec95. The successful start-up of the Eskay Creek gold/silver mine north of Stewart, B.C. has had a major financial impact on the company. Cash and short term investments increased to \$69,100,000 at 31Dec95 compared to \$700,000 a year earlier and cash flow before working capital adjustments increased to \$88,100,000.

Payable gold and gold equivalent in ore and concentrates sold was 382,610 ounces during 1995 compared with 51,592 ounces in the year ended 1994. Total cash costs, which include estimated third-party smelter costs, were US \$184 per gold equivalent ounce, a 6% increase from the US \$173 recorded in 1994 when Prime's production was exclusively from the nearby Snip mine. About one-third of Prime \$155,900,000 in product sales revenue during 1995 was attributable to Eskay Creek's silver production. The mine produced 9,950,000 ounces of silver in the first year of operation to make it one of the larger silver producers in the world.

The Eskay Creek mine exceeded expectations. Shipments of ore to smelters in Japan, Quebec and Mexico were 5% ahead of plan during the year. Gold ore grades were as predicted and silver ore grades were 20% above the average ore reserve grade. Total cash costs per ounce of gold equivalent at Eskay Creek were US \$185 in 1995 and are expected to remain at this level during 1995.

In 1995, mine development was accelerated to open more production areas, thereby increasing the mine's flexibility. Mining flexibility is crucial in optimizing ore blending to take advantage of differences in smelter terms. Optimizing the ore blend will require grades to be near the life-of-mine average reserve grade in 1996.

At the Snip mine, gold produced in dore and concentrate was 128,274 ounces in 1995. Prime's 40% share was relatively unchanged at 51,310 ounces compared to 51,592 ounces in 1994. Total cash costs increased US \$2 to US \$175 per ounce in 1995. The use of less productive conventional mining methods to extract ore will increase in 1996. As a result, it is expected that a 5% decline in tonnage mined and processed will be accompanied by a modest increase in total cash costs.

Exploration activity was focused primarily in the immediate vicinity of the Eskay Creek and Snip mines. At Eskay Creek, the

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