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George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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 E. M. P. F.

PRIME RESOURCES GROUP INC.

[PRU-T, V] 71,073,913 SHS.

THREE MONTHS ENDED SEPTEMBER 30, 1996	1995	
REVENUE	\$52,059,000	\$39,546,000
COSTS & EXPENSES	31,753,000	22,074,000
NET INCOME FOR THE PERIOD	9,010,000	9,466,000
NET INCOME PER SHARE	12¢	12¢
AVG. SHARES O/S	76,074,000	76,074,000
PRODUCTION (OZ) -		
<u>ESKAY CREEK MINE</u>		
GOLD	48,400	48,217
SILVER	2,983,236	2,231,194
<u>SNIP MINE</u>		
GOLD	36,843	13,073

NINE MONTHS ENDED SEPTEMBER 30, 1996	1995	
REVENUE	\$154,887,000	\$117,041,000
COSTS & EXPENSES	84,629,000	63,642,000
NET INCOME FOR THE PERIOD	32,415,000	25,156,000
NET INCOME PER SHARE	43¢	33¢
AVG. SHARES O/S	76,074,000	76,074,000
PRODUCTION (OZ) -		
<u>ESKAY CREEK MINE</u>		
GOLD	160,054	152,019
SILVER	9,005,572	6,893,228
<u>SNIP MINE</u>		
GOLD	69,798	39,510

THIRD QUARTER REPORT - Ronald D. Parker, president, Prime Resources Group reports financial and production results for the three and nine months ended 30Sept96; see tables above. The increase in revenues is primarily due to the recent acquisition of an additional interest in the Snip mine, increased silver production at Eskay Creek, both located north of Stewart, northwest BC, and higher interest income. Effective 30Apr96, Prime purchased a 60% interest in the Snip mine from Cominco and now owns 100% of this operation. The purchase of the Snip mine has also resulted in increases in overall production costs and depreciation.

Exploration expense during the third quarter increased to \$4,400,000 from \$900,000 in the same period of 1995. Surface and underground drilling programs at the Snip and Eskay Creek mines account for the majority of the increase. However, exploration programs in the Yukon, Ontario and BC also contributed to the increase in exploration spending. Prime's exploration expenditures will approximate \$9,000,000 in 1996.

The Phase two surface drill at Eskay Creek, designed to follow up the positive results encountered during phase one, is completed with new reserves calculations to be completed in the fourth quarter.

Total cash costs, which include third-party smelter costs, decreased to US \$172 per gold equivalent ounce, 8% below the US \$187 per ounce reported in the third quarter of 1995. During the first nine months of the year, total production was 351,495 ounces of gold equivalent at a total cash cost of US \$171 per ounce compared to 284,646 ounces at a cost of US \$183 in 1995.

Homestake Canada Inc., a wholly-owned subsidiary of Homestake Mining Company of San Francisco, owns about 51% of Prime's shares and has been contracted by Prime to provide exploration, management and administrative services. (SEE GCNL NO.210, Oct.30/96,P.5 FOR BRONSON SLOPE INFORMATION)

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