

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

George Cross News Letter

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NO. 151 (1996)
 AUGUST 6, 1996

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PRIME RESOURCES GROUP INC.

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

THREE MONTHS ENDED JUNE 30, 1996	1995	
REVENUE	\$53,284,000	\$48,343,000
COSTS & EXPENSES	31,744,000	25,535,000
NET INCOME	10,202,000	10,255,000
NET INCOME PER SHARE	13¢	13¢
AVG. SHARE USED IN THE COMPUTATION	76,074,000	76,074,000
SIX MONTHS ENDED JUNE 30, 1996	1995	
REVENUE	\$102,828,000	\$77,052,000
COSTS & EXPENSES	52,876,000	41,568,000
NET INCOME	23,405,000	15,690,000
NET INCOME PER SHARE	31¢	21¢
AVG. SHARES USED IN THE COMPUTATION	76,074,000	76,074,000

THREE MONTHS ENDED JUNE 30, 1996	1995	
PRODUCTION (OZ) (1)		
ESKAY CREEK MINE		
GOLD	51,734	60,829
SILVER	3,170,407	2,863,129
SNIP MINE		
GOLD	21,203	13,815
TOTAL GOLD & GOLD EQUIVALENT (2)	115,983	114,706
TOTAL CASH COSTS (US PER GOLD EQUIVALENT OUNCE)		
ESKAY CREEK MINE	173	182
SNIP MINE	192	170
AVG. CASH COSTS	176	180
SIX MONTHS ENDED JUNE 30, 1996	1995	
ESKAY CREEK MINE		
GOLD	111,654	103,802
SILVER	6,022,336	4,662,034
SNIP MINE		
GOLD	32,955	26,437
TOTAL GOLD & GOLD EQUIVALENT (2)	227,143	192,555
TOTAL CASH COSTS (US PER GOLD EQUIVALENT OZ)		
ESKAY CREEK MINE	167	183
SNIP MINE	190	166
AVG. CASH COSTS	170	181

(1) GOLD AND SILVER ARE ACCOUNTED FOR AS CO-PRODUCTS AT ESKAY CREEK. SILVER IS CONVERTED TO GOLD EQUIVALENT USING THE RATIO OF THE SILVER MARKET PRICE TO GOLD MARKET PRICE. THESE RATIOS WERE 74 OUNCES AND 71 OUNCES OF SILVER EQUALS ONE OUNCE OF GOLD IN THE THREE MONTHS ENDED JUNE 30 OF 1996 AND 1995 AND 73 OUNCES AND 75 OUNCES FOR THE SIX MONTHS ENDED JUNE 30 OF 1996 AND 1995.

(2) INCLUDES OUNCES CONTAINED IN DORE, CONCENTRATES AND ORE SOLD.

Prime Resources Group Inc. reports production and financial results for the quarter ended 30Jun96. Offsetting the increased revenue in the current quarter were increases in production,

depreciation and exploration expenses. The inclusion of 100% of the Snip mine operating results for the months of May and June after the company's \$55,000,000 purchase of the 60% of the mine it did not already own, caused the increase in production and depreciation expenses. In addition, Prime's aggressive 1996 exploration program has increased exploration expense.

Production to date is ahead of the schedule required to meet the company's 1996 objective to produce 429,000 gold equivalent ounces.

Production at the Eskay Creek mine for the three months ended 30Jun96, was 51,734 payable ounces of gold and 3,200,000 payable ounces of silver. On a gold equivalent basis, this represents a 6% decrease as compared to the same period in 1995. As planned, gold grades more closely approximated the life-of-mine reserve average. Partially offsetting the decline in gold grade were elevated silver grades which continued to be above reserve estimates.

For the current quarter, total cash costs per ounce of gold equivalent at Eskay Creek decreased to US \$173 from US \$182 in 1995. Higher productivity, increased efficiencies and reduced underground development contributed to the decline in cash costs per ounce.

Prime's share of production at the Snip mine was 21,203 ounces, compared to 13,815 ounces in the second quarter of 1995, reflecting the company's acquisition of 100% of the mine effective April 30, 1996. On a 100% basis, Snip's production for the first six months of 1996 was 17% below that of 1995, and total cash costs increased to US \$190 per ounce.

Lower productivity resulting from the mine's increasing reliance on narrow vein mining methods, coupled with early second quarter uncertainty relating to the mine's pending sale by Cominco Ltd., contributed to this decline in performance. However, production improved significantly in June and it is anticipated that the mine will maintain normal operating levels for the balance of the year.

Exploration expenditures during the second quarter were \$2,500,000 reflecting the beginning of the 1996 field season and increased exploration at the Eskay Creek and Snip mines as well as throughout Canada. It is anticipated that Prime's share of exploration program spending will approximate \$7,000,000 in 1996.

Homestake Mining Company, owns approximately 51% of Prime's shares and has been contracted by Prime to provide exploration, management and administrative services.

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