

WESTERN CANADIAN INVESTMENTS

NO. 18 (1998)  
 JANUARY 27, 1998

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**PRIME RESOURCES GROUP INC.**

[PRU-T, V, AMEX] 76,073,913 SHS.

MINERAL RESERVES UP 15% - Ron Parker, president, Prime Resources Group Inc., reports

compilation of its 1997 year end ore proven and probable ore reserves has been completed for the Eskay Creek and nearby Snip mines north of Stewart, northwest BC. As of 1Jan98 Prime has proven and probable ore reserves of 2,690,000 ounces of gold and 117,000,000 ounces of silver or 4,210,000 ounces gold equivalent.

Some 630,000 gold equivalent ounces were added to Prime's reserves during 1997 at a cost of about US \$10 per equivalent ounce. This represents a 15% increase in proven and probable reserves as compared to 1Jan97, before considering production in 1997. The growth in reserves was the result of surface and in-mine exploration program at the Eskay Creek Mine.

Mr. Parker said: "At 1Jan98, we had more ounces of gold and silver in reserves at Eskay Creek than we had when the mine began commercial production three years ago."

Consistent with good mining practice, Prime updates its ore reserve and mineralized material estimates in January of each year. The proven and probable ore reserve category reflects estimated quantities and grades of in-situ deposits the company believes can be recovered and sold at prices sufficient to cover the estimated future cash costs of production and the company's remaining investment. An allowance for mining dilution has been included in the reserve calculations. Prime used a price of US \$325 per ounce of gold in its evaluation of the short-lived Snip mine and a price of US \$350 per ounce of gold for the Eskay Creek mine.

Mineralized material is an estimate of tonnage and grade of a mineral deposit with potential economic merit. Estimates of tonnage and grade are made on the basis of continuity, size and shape of the mineralization. Estimates include a provision for mining dilution.

**PROVEN AND PROBABLE ORE RESERVES (AT JAN.1/98):**

|                                       | 1998          |               | 1997          |               | 1997          |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                       | TONS<br>000'S | GRADE<br>OZ/T | TONS<br>000'S | GRADE<br>OZ/T | TONS<br>000'S | GRADE<br>OZ/T |
| ESKAY CREEK MINE:                     |               |               |               |               |               |               |
| GOLD                                  | 1,495         | 1.693         | 2,532         | 1,397         | 1,732         | 2,418         |
| SILVER                                |               | 78.3          | 117,011       |               | 79.3          | 110,810       |
| SNIP MINE:                            |               |               |               |               |               |               |
| GOLD                                  | 232           | 0.678         | 157           | 369           | 0.722         | 267           |
| TOTAL GOLD AND<br>GOLD EQUIVALENT (1) |               | 4,208         |               |               |               | 4,124         |

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**MINERALIZED MATERIAL (AT JAN.1/98):**

|                   | 1998    |               | 1997    |               |
|-------------------|---------|---------------|---------|---------------|
|                   | TONS    | GRADE<br>OZ/T | TONS    | GRADE<br>OZ/T |
| ESKAY CREEK MINE: |         |               |         |               |
| GOLD              | 371,000 | 0.587         | 278,000 | 0.541         |
| SILVER            |         | 12.0          |         | 31.6          |
| SNIP MINE         |         |               |         |               |
| GOLD              | 26,000  | 0.751         | 19,000  | 0.555         |

NOTE 1: SILVER IS CONVERTED TO GOLD EQUIVALENT USING THE RATIO OF THE SILVER PRICE TO GOLD PRICE. FOR THE PURPOSES OF THE ORE RESERVE CALCULATIONS THE RATIO WAS 77 OUNCES OF SILVER EQUALS ONE OUNCE OF GOLD FOR BOTH JANUARY 1, 1998 AND 1997.

Prime Resources owns the Eskay Creek and Snip gold mines. Homestake Canada Inc., a wholly owned subsidiary of **HOMESTAKE MINING COMPANY [HM-NY]**, owns about 51% of Prime's shares and has been contracted by Prime to provide exploration management, managerial and administrative services. (SEE GCNL NO.220, 17Nov97, P.5 FOR PRIME/KENRICH DATA)