"El Condor Resources' objective is to maximize shareholder value from its giant Kemess Gold-Copper Project."

016885

94E 21, 94
Kemess South
Kemess North

EL CONDOR RESOURCES LTD.

The El Condor Team
(from left)
Robert Hunter,
David Copeland,
Scott Cousens,
Aziz Shariff,
Robert Dickinson,
Ronald Thiessen,
Jeffrey Mason.

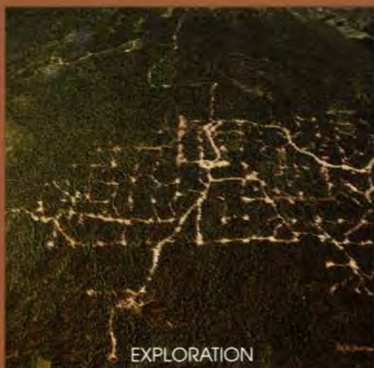
ECN shares trade on:

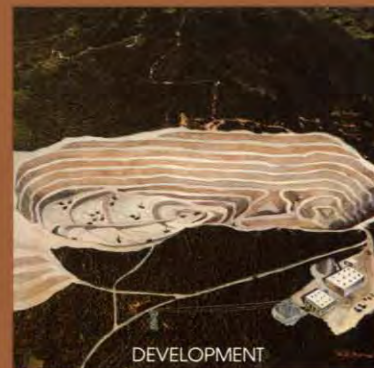
NASDAQ (ECNCF)
The Vancouver Stock Exchange (ECN)

94E 21
94E 94

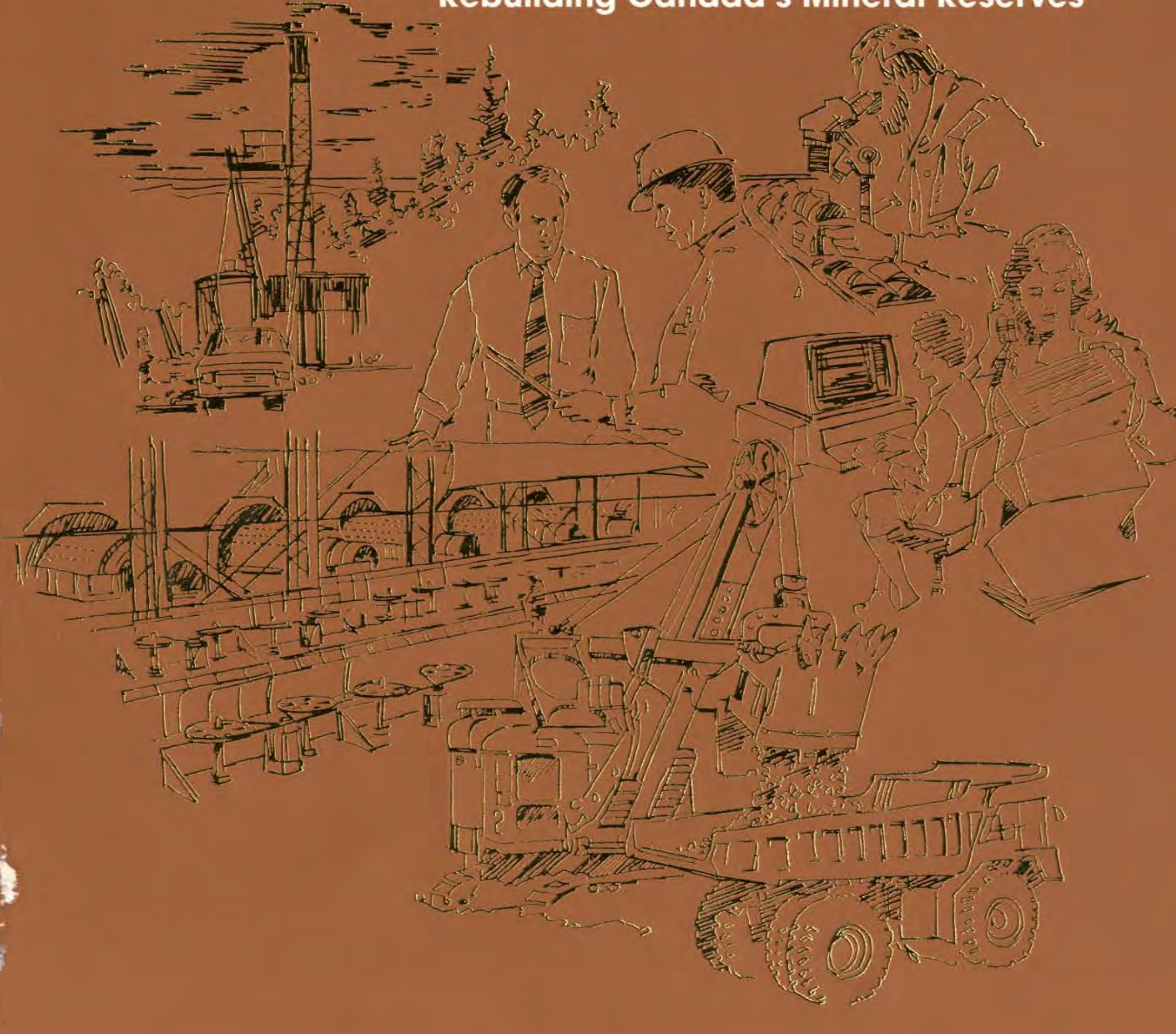
EL CONDOR RESOURCES LTD.

1992 Annual Report





Rebuilding Canada's Mineral Reserves



CORPORATE PROFILE

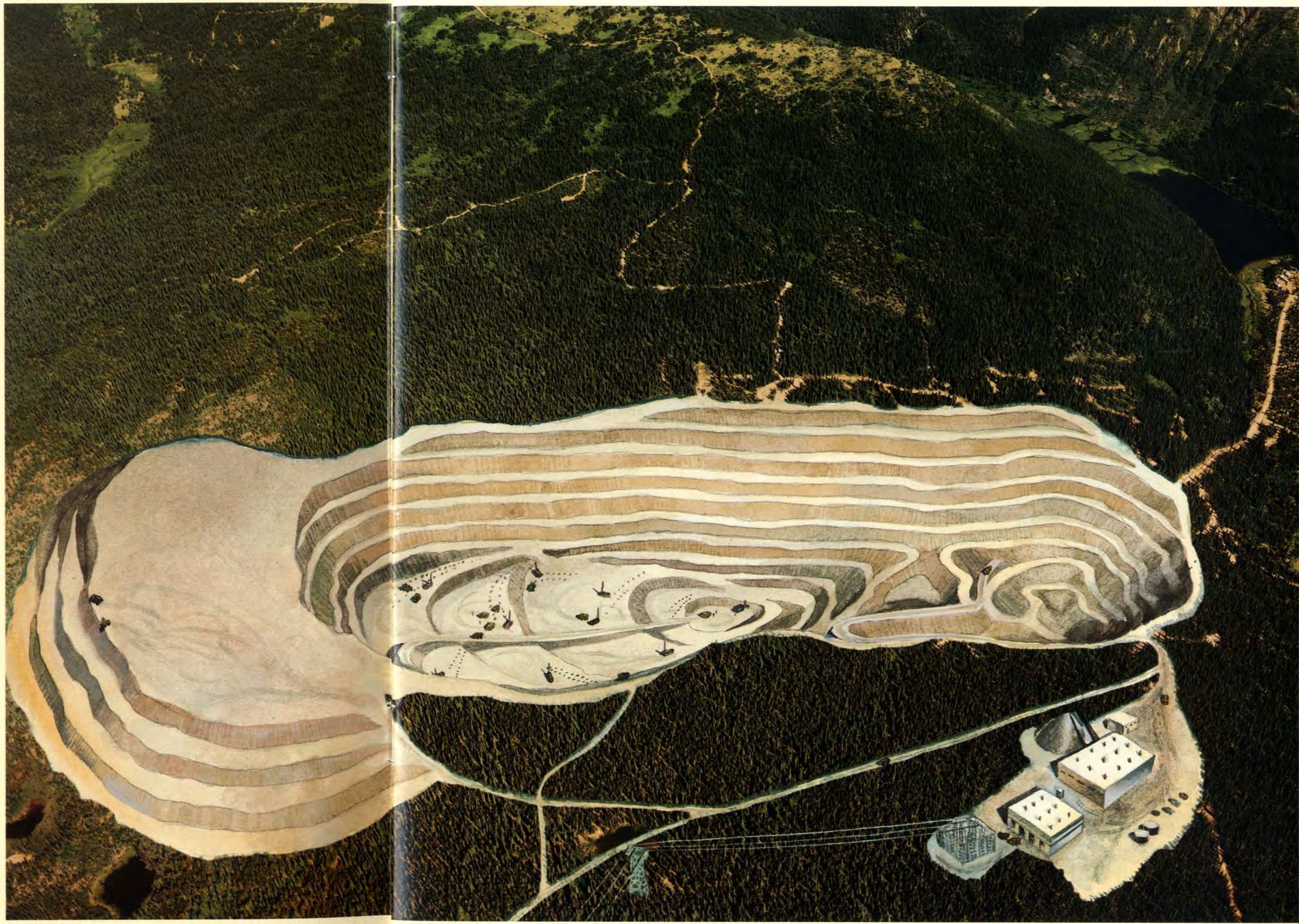
The Kemess Project is one of the most significant gold-copper, open-pit projects ever discovered in British Columbia.

El Condor Resources Ltd. is committed to the growth of shareholder value through rapid development of the Kemess Gold-Copper Project located in north-central, British Columbia, Canada.

The Kemess Project, which is at the engineering and mine permitting stage, hosts two near surface deposits which have been developed by extensive drilling. The 60% controlled Kemess South deposit has a mineable reserve of 216 million tons containing 3.9 million ounces of gold and 1 billion pounds of copper. At a production rate of 44,000 tons per day, annual production from the Kemess South deposit would be 212,000 ounces of gold and 59 million pounds of copper over a 14 year mine life. Excellent potential exists to develop further mineable reserves within the large property holding; most of which is owned 100% by El Condor.

The Kemess Project is one of the most significant gold-copper, open pit projects ever discovered in British Columbia. Control of this leading North American development stage project makes El Condor an attractive target for growth-oriented senior mining producers.

Common shares of El Condor Resources Ltd. trade in the United States on NASDAQ (ECNCF) and in Canada on the Vancouver Stock Exchange (ECN.V). Shareholders reside in Canada, United States and Europe.



ACHIEVEMENTS — 1992

Corporate

- Obtained NASDAQ listing with symbol ECNCF.
- Completed $9.78 million in new equity financing.
- Assisted in financing Kemess South joint venture minority partner.

Kemess project

- Completed $2.61 million Kemess South engineering and bulk sampling program.
- Completed $1.17 million Kemess North exploration drill program.
- Filed a Pre-Application for a Mine Development Certificate.
- Held community open house forums in the Kemess Project region.
- Continued extensive environmental and socioeconomic permitting studies.

OBJECTIVES — 1993

Corporate

- Introduce Company to institutional investors and mining analysts.
- Introduce Kemess Project to selected senior mining companies.
- Continue to minimize dilution of shareholders' equity.

Kemess project

- Complete detailed Kemess South Project Prefeasibility Study.
- Continue to inform Kemess region citizens of Project developments.
- File an application for a Mine Development Certificate.

REPORT TO SHAREHOLDERS

Introduction

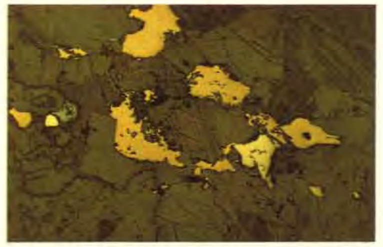
During 1992, El Condor Resources Ltd. rapidly advanced the Kemess Project, located in north-central British Columbia, towards the status of a major open pit, gold and copper mine. This was achieved by undertaking a wide spectrum of detailed project component studies which included; drilling, bulk sampling, metallurgy, mine planning, power, transport, tailings impoundment, geotechnical, environmental and socio-economic programs.

Operations

The Kemess Project comprises two contiguous mineral claim holdings — Kemess South and Kemess North, which encompass an area of 49 square miles. El Condor has a 60% interest in Kemess South claims and a 100% interest in Kemess North claims. Kemess South Joint Venture participants are El Condor Resources Ltd. (60%) and St. Philips Resources Inc. (40%) with El Condor the Joint Venture operator. Rio Algom Limited, a participant in Highland Valley Copper, Canada's largest open pit copper mine, has acquired an approximate 30% equity interest in St. Philips and an approximate 7.7% equity interest in El Condor.

The Kemess South deposit is near surface, blanket-shaped and remarkably continuous. It measures 4600 feet east-west, 2000 feet north-south and is up to 800 feet thick.

Based on systematic grid drilling on 330 foot centres, the Kemess South deposit's mineral reserves are 244,754,000 tons grading 0.22% copper and 0.018 ounces gold/ton. Mineable reserves are calculated at 215,966,000 tons having an average grade of 0.23% copper and 0.018 ounces gold/ton. Metal content of mineable reserve is 3.9 million ounces of gold and 1 billion pounds of copper. Grades of 0.24% copper and 0.023 ounces gold/ton are encountered in an initial 36,035,000 ton starter pit reserve. Stripping ratios for the Kemess South deposit vary from a low 0.8:1 in the early years of operations to a life of mine average of 1.3:1. Deposit mineralization is extremely continuous and is made up of a hypogene zone where copper mineralization is mainly chalcopyrite and an overlying supergene zone where copper mineralization is mainly native copper. Approximately 20% of the mineable reserve is supergene material.



Extensive metallurgical testwork has been completed at Lakefield Research on representative composite samples of ore types. Metallurgical results are excellent. Grinding of the comparatively low work index ore and standard flotation processes result in excellent recoveries of both gold and copper with minimal reagent useage. A conventional copper concentrate averaging 25% copper which contains 1.5 to 3.0 ounces of gold per ton is readily produced. No smelter penalty elements are present.

Late in 1992 a 7 ton representative bulk sample was collected from the Kemess South deposit utilizing HQ coring. Large sample process tests underway at Lakefield will provide accurate metal recovery data under steady state conditions. Final concentrate and tailings characteristics will also be determined. In addition Hazen Research Inc. is completing studies of the grinding characteristics of Kemess South rock types.

Cominco Engineering Services Limited has completed an access option study for the Project's development. Current access to the site is by the Omineca Resources Access Road from the supply centres of Mackenzie, Fort St. James and Prince George or by air to the Sturdee airfield which services the Cheni Gold Mine, 25 miles to the north. Road corridor routing studies have been completed to connect the B.C. Railway, which operates to the west, with the site. An optimum road route has been selected. This route has now been aligned with environmental surveys completed. Only 39 miles of easy road construction with an average grade of less than 1% is required to connect the

Project Site with the B.C. Railway. This routing will provide the Project with low cost access for incoming freight and outgoing concentrate.

Cominco Engineering Services Limited has also studied a variety of power options for the Kemess Project. A power line connecting with the B.C. Hydro electrical grid at Mackenzie is the lowest cost power option. Ian Hayward International Ltd. has conducted power line corridor routing studies and an optimum power line route has been selected and costed.

Knight and Piesold Ltd. have completed studies of several potential tailings impoundment sites. A low cost and environmentally optimum tailings impoundment site has been selected and geotechnical and hydrological studies of the impoundment area have been completed. In addition, preliminary geotechnical and hydrological studies have also been completed for open pit slope, plant site, waste dump and water supply design and lay-out criteria.

The Kemess South Joint Venture filed a Pre-Application for a Mine Development Certificate in March, 1992. Since then, terms of reference for an Application for a Mine Development Certificate have been received from the Provincial government. In accordance with the government's terms of reference, detailed project environmental studies are being conducted by Hallam, Knight and Piesold Ltd. These studies are based on extensive field surveys and on the continuous monitoring by El Condor of the region's hydrology, climate and wildlife since May, 1991. At the Joint Venture's request, government representatives have been included in project studies; especially in those studies associated with tailings impoundment site selection, connector road routing and power line routing. Acid-base accounting measurements are being determined for all mine products. Final data input for this important work will be provided from the steady state metallurgical testwork now in progress. The Kemess South deposit is a low sulphide body. Acid-base accounting studies are documenting that mine waste rock and tailings are both acid consuming over the life of the mine.

The Kemess North deposit, located 3.7 miles north of the Kemess South deposit, has been developed by 63 drill holes which have defined a mineral reserve of 173 million tons grading 0.18% copper and 0.011 oz gold/ton. The metal content of this mineral reserve is 0.6 billion pounds copper and 1.9 million ounces gold. The Kemess North deposit is open to extension.

At least one important higher grade zone is known within the very extensive but low grade Kemess North gold-copper system. A grid drilling campaign of the Kemess North deposit area would likely determine other higher grade mineralized zones within the overall deposit. Mining of the Kemess North deposit could complement Kemess South production.

Limited exploration drilling of other deposit target areas within the large land holding has intersected anomalous to marginal gold-copper grades. Results from initial drill holes have shown that favourable geological settings exist and that these new zones have the ability to host porphyry gold-copper mineralization. Further drilling will be required to test for ore grade mineralization within these broad target areas.

Plans and outlook

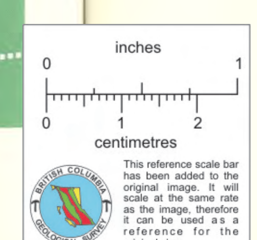
Available infrastructure, excellent deposit grade, continuity and geometry along with metallurgy and topography all favourably combine at Kemess South making the deposit well suited for high volume, low cost open pit mining.

During 1993, the Company will focus on final engineering and permitting of the Kemess South Project for a large scale, open pit mine. Currently, Kilborn Engineering Limited, an internationally recognized engineering firm, is completing a detailed Kemess South Project Prefeasibility Study. The Prefeasibility Study is expected to be completed by May 1993. Subsequently an Application for a Mine Development Certificate is planned to be made to the British Columbia government.

Current mine modelling for the Kemess South deposit is based on conventional milling of 44,000 tons per day over a 14 year mine life. Average annual production, from a 216 million ton mineable reserve, is projected to be 212,000 ounces of gold and 59 million pounds of copper in 118,000 tons of co-product copper-gold concentrate. Silver may provide additional by-product credits.

Production at this scale would vault El Condor Resources Ltd. into the ranks of North America's major mining companies. At the same time, diversified, dual metal production of gold and copper would protect mine revenues from metal price fluctuations.

Presently there are 4 operating major open pit mines in British Columbia that are copper, copper-gold or copper- molybdenum producers. In 1991, 19% of B.C. gold production and 91% of B.C.'s copper production came from open pit porphyry operations. Forecasts are that by the year 2000, due to the depletion of reserves, only two of these mines will remain in production. Already, in the past two years, four major open pit mines (Afton, Brenda, Equity and Bell) have ceased operations with



devastating impacts on local and provincial employment and economies. This unacceptable situation coupled with the world wide demand for new copper production makes the need for Kemess South production exceptionally high.

Confirmation of large-scale reserves of gold and copper at Kemess has made El Condor Resources Ltd. one of North America's leading development-stage mining companies. A number of senior mining companies are following progress at Kemess. Rio Algom currently holds 1,095,000 shares of El Condor Resources or 7.7% and has a pre-emptive right to maintain its equity position by participating in future equity financings.

With the tabling of Kilborn Engineering Limited's detailed prefeasibility study and the planned subsequent Application for a Mine Development Certificate to the British Columbia government, El Condor will have significantly reduced the engineering and investment risks associated with a mining project. At that stage El Condor plans to introduce the Kemess Project to a select group of growth-oriented senior mining producers which have the resources to place the Project into large scale production of gold and copper.

Financial

During 1992 El Condor Resources Ltd. established a sound financial base with the completion of $9.78 million in new equity financing. Private placement funding totalled $7.02 million and the exercise of stock options and warrants provided $2.76 million. At year end working capital was $5.12 million with outstanding options and warrants amounting to an additional $496,730. The Company is debt free. Further financing is not expected to be required to bring the Kemess Project to a production decision status.

On July 30, 1992 the Company shares commenced trading through the NASDAQ regular market system under the symbol ECNCF.

To year end, El Condor's total cumulative expenditures on the Kemess Project were $12.19 million. Of this $4.01 million was expended on acquisition costs and $8.18 million on exploration costs. During 1992 Joint Venture expenditures on Kemess South claims totalled $2.61 million and El Condor spent $1.17 million on its wholly owned Kemess North claims.

At this stage of development, preliminary estimates for El Condor's 60% share of capital financing are in the $180 million range. Average operating costs for similar open pit operations in British Columbia are in the $4.00-$5.00 per ton range. At current metal prices Kemess South starter pit reserves have an estimated net smelter return in the range of $10 per ton while average Kemess South reserves have an estimated net smelter return in the $9 per ton range.

Acknowledgements

The Company's success in 1992 was the result of a dedicated and co-operative team effort from all employees and consultants. Outstanding ability was shown in bringing the Kemess Project to its current status in record time. This spirit and tenacity combined with a controlling position in a project with the remarkable calibre of Kemess will enable El Condor to experience rapid growth in the months ahead.

During the year, due to health concerns Jeff Franzen retired from the Board. He participated in and contributed to many of the events and transactions which influenced the Company's initial growth. Scott D. Cousens was welcomed to the Board as Director of Corporate Communications.

Finally, our sincere gratitude is extended to our loyal shareholders. Without your support the Company's initial goals would not have been achieved. We look forward to all shareholders participating in the rewards created from El Condor's very substantial wealth in gold and copper.

On Behalf of the Board

Robert G. Hunter
Chairman and Chief Executive Officer

Robert A. Dickinson
President and Chief Financial Officer

The team, from left: Ronald Thiessen, Scott Cousens, Stephen Millen, David Copeland, Harold Forzley, Robert Dickinson, Douglas Forster, Robert Hunter and Walter Schmid (sitting). Aziz Shariff was not available at time of photograph.

AUDITORS' REPORT

To the Shareholders of El Condor Resources Ltd.

We have audited the balance sheets of El Condor Resources Ltd. as at December 31, 1992 and 1991 and the statements of loss and deficit and changes in financial position for each of the years in the three year period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for each of the years in the three year period ended December 31, 1992 in accordance with generally accepted accounting principles in Canada. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

DE VISSER & COMPANY

CHARTERED ACCOUNTANTS

Vancouver, B.C.
March 4, 1993

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA-U.S. REPORTING CONFLICTS

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by significant uncertainties such as those referred to in note 1 to the financial statements. Our report to the shareholders dated March 4, 1993 is expressed in accordance with Canadian reporting standards which do not permit a reference to such an uncertainty in the auditors' report when the uncertainty is adequately disclosed in the financial statements.

DE VISSER & COMPANY

CHARTERED ACCOUNTANTS

Vancouver, B.C.
March 4, 1993

EL CONDOR RESOURCES LTD.

BALANCE SHEETS

AT DECEMBER 31

(Expressed in Canadian dollars)	1992 $	1991 $
ASSETS		
CURRENT		
Cash and short-term deposits	4,756,198	956,274
Accounts receivable	125,775	298,915
Due from St. Philips Resources Inc. (note 11)	400,000	—
Total current assets	5,281,973	1,255,189
RECLAMATION BONDS (note 4)	82,686	40,833
CAPITAL ASSETS (note 5)	14,857	10,807
MINERAL PROPERTIES (note 3)	12,188,955	9,403,209
	17,568,471	10,710,038
LIABILITIES		
CURRENT		
Accounts payable	165,909	461,604
Convertible debenture and accrued interest payable (note 7)	—	1,700,090
Total current liabilities	165,909	2,161,694
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 6)		
Issued – 14,255,903 common shares (1991 – 11,119,265)	20,609,201	10,716,453
DEFICIT	(3,206,639)	(2,168,109)
	17,402,562	8,548,344
	17,568,471	10,710,038

APPROVED BY THE DIRECTORS:

Robert G. Hunter
Director

Director

See notes to financial statements

EL CONDOR RESOURCES LTD.

STATEMENTS OF LOSS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31

(Expressed in Canadian dollars)	1992 $	1991 $	1990 $
REVENUES			
Operator's fees	43,154	101,257	—
Interest income	175,050	124,751	38,852
	218,204	226,008	38,852
EXPENSES			
Amortization	3,699	2,944	1,475
Debenture financing cost (note 7)	113,400	567,000	—
Interest and bank charges	241,933	185,391	945
Legal, accounting and audit	218,457	144,031	60,139
Management fees	81,000	80,236	—
Office and administration	142,869	77,187	28,794
Professional services	—	25,422	104,616
Property investigation	—	3,705	14,448
Rent	56,175	95,455	19,975
Salaries and benefits	104,643	70,160	31,805
Shareholder communication	175,502	265,355	51,016
Travel and accommodation	89,353	77,695	38,772
Trust and filing fees	29,703	22,876	19,518
	1,256,734	1,617,457	371,503
	(1,038,530)	(1,391,449)	(332,651)
WRITE-OFF OF MINERAL PROPERTIES	—	(92,208)	(10,068)
NET LOSS FOR THE YEAR	(1,038,530)	(1,483,657)	(342,719)
DEFICIT – BEGINNING OF YEAR	(2,168,109)	(610,607)	(267,888)
AMALGAMATION COSTS	—	(73,845)	—
DEFICIT – END OF YEAR	(3,206,639)	(2,168,109)	(610,607)
LOSS PER SHARE (note 8)	$(0.09)	$(0.17)	$(0.07)
SUPPLEMENTAL DISCLOSURE			
Weighted-average number of shares outstanding	12,082,660	8,659,326	5,162,725

See notes to financial statements

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31

(Expressed in Canadian dollars)	1992 $	1991 $	1990 $
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net loss for the year	(1,038,530)	(1,483,657)	(342,719)
Adjustments to reconcile net loss to cash applied to operating activities:			
Amortization	3,699	2,944	1,475
Debenture financing cost	113,400	567,000	—
Write-off of mineral properties	—	92,208	10,068
Accounts receivable	173,140	(272,452)	(24,399)
Due from St. Philips Resources Inc.	(400,000)	—	—
Subscription receivable	—	107,000	(107,000)
Accounts payable	(295,695)	244,311	215,012
Accrued interest payable	(184,090)	184,090	—
Due to related parties	—	(2,851)	(16,514)
Cash used for operating activities	(1,628,076)	(561,407)	(264,077)
FINANCING ACTIVITIES			
Issuance of common shares	9,779,348	6,839,902	1,908,220
Convertible debenture	(1,516,000)	1,516,000	—
Cash provided by financing activities	8,263,348	8,355,902	1,908,220
INVESTING ACTIVITIES			
Mineral properties:			
Acquisition	(53,785)	(3,774,989)	(66,725)
Exploration and development	(2,731,961)	(4,117,916)	(549,657)
Reclamation bonds	(41,853)	(18,333)	(10,000)
Capital assets	(7,749)	(8,085)	—
Cash used for investing activities	(2,835,348)	(7,919,323)	(626,382)
AMALGAMATION COSTS	—	(73,845)	—
CASH PROVIDED (USED) DURING THE YEAR	3,799,924	(198,673)	1,017,761
CASH – BEGINNING OF YEAR	956,274	1,154,947	137,186
CASH – END OF YEAR	4,756,198	956,274	1,154,947
SUPPLEMENTAL CASH FLOW INFORMATION:			
Issuance of common shares for:			
Mineral properties	—	100,900	13,100
Debenture financing cost	113,400	567,000	—
Share issue costs	246,720	—	—
	360,120	667,900	13,100
Interest paid for:			
Convertible debenture	287,207	—	—
Convertible promissory notes	138,227	—	—
	425,434	—	—

See notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1992 (Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

The Company was incorporated under the British Columbia Company Act (Canada) and its primary activity is the exploration and development of the Kemess mineral claims located in north central British Columbia, Canada.

The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete their development, and upon future profitable production or proceeds from the disposition of the property.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Significant differences between these policies and those that would be applied under generally accepted accounting principles in the United States are described in note 12.

Joint Venture

The Company accounts for its investments in joint ventures using the proportionate consolidation method.

Accounts Receivable

Accounts receivable are recorded net of allowance for doubtful accounts. No allowance was made for 1992 or 1991.

Mineral Properties and Deferred Costs

The cost of resource properties and related exploration and development costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold, allowed to lapse or abandoned.

Cost includes the cash consideration and the fair market value of shares as they are issued, if any, on the acquisition of mineral properties. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from options granted are applied to the cost of the related property.

Capital Assets

Capital assets are recorded at cost and are amortized using the declining-balance method at an annual rate of 20% for mining equipment and 30% for computer equipment.

Share Capital

Share capital issued for non-monetary consideration is recorded at fair market value on the date the agreement to issue the shares was entered into as determined by the Board of Directors of the Company based on the trading price of the shares on the Vancouver Stock Exchange.

The proceeds from shares issued under flow-through share financing agreements are credited to share capital and the tax benefits of the exploration expenditures incurred under these agreements are transferred to the purchaser of the shares.

Costs incurred for the issue of shares are deducted from share capital.

3. MINERAL PROPERTIES

Kemess Mineral Claims
North Central British Columbia, Canada

Kemess South

The Company acquired a 60% interest in three mineral claims by paying $159,500 and incurring $1,100,000 in aggregate exploration expenditures. The Company entered into a joint venture agreement with St. Philips Resources Inc. ("St. Philips") and its wholly-owned subsidiary, Stork Ventures Ltd., which are the holders of the remaining 40% interest in the claims, whereby exploration expenditures incurred on the claims will be financed by each participant based on their respective interests held. Under certain circumstances, the Company may be required to finance St. Philips' portion of expenditures in excess of approved program expenditures of $1,000,000 per annum. The Company will then be entitled to subscribe for shares of St. Philips in the amount of such funding. The Company staked and optioned additional mineral and placer claims in the area. Refer to note 10.

3. **MINERAL PROPERTIES** *(continued)*

Kemess North

The Company acquired a 100% interest in five mineral claims by paying $3,500,000 and incurring $550,000 in aggregate exploration expenditures and also staked additional mineral and placer claims in the area.

Kemess Northwest and West

The Company has an option to acquire a 100% interest in two mineral claims by making option payments aggregating $100,000 prior to August 31, 1993 ($60,000 paid), issuing 50,000 shares by August 31, 1994 and incurring aggregate exploration expenditures of $500,000 prior to August 31, 1994. The claims are subject to a 2.5% net smelter returns royalty ("the Royalty") which the Company has the right to purchase for $1,000,000 per claim. The payment of the 50,000 shares by August 31, 1994 will reduce the Royalty to 1.25% and the claim payment to $500,000 on one of the claims. By issuing a further 50,000 shares, the Company can reduce the Royalty on the other claim to the same terms.

The Company acquired a 100% interest in two mineral claims by making option payments of $20,000 and issuing 25,000 shares. A further 100% interest in 17 claims were acquired by the payment of $32,500. The Company staked additional mineral and placer claims in the area.

Kemess Mineral Claims	**1992** $	**1991** $
Acquisition costs	4,014,348	3,974,538
Less acquisition costs written-off	—	(13,975)
Acquisition costs – End of year	4,014,348	3,960,563
Exploration costs		
Assays and analysis	193,225	323,242
Camp and building	111,037	543,135
Consultants	37,795	165,454
Drilling	735,264	1,743,552
Environmental	288,942	19,431
Equipment rentals	137,652	95,975
Freight	32,752	45,980
Geological and geophysical	201,774	242,870
Insurance	3,819	3,656
Line cutting	—	85,850
Mapping	142,573	98,207
Metallurgical	173,951	20,163
Miscellaneous	55,198	21,403
Project engineering	153,032	37,636
Road use and construction	113,148	197,700
Salaries and benefits	173,205	283,023
Site reclamation	18,142	—
Supplies and consumables	17,807	69,863
Transportation	124,974	74,369
Travel	17,671	46,407
Exploration costs incurred during the year	2,731,961	4,117,916
Exploration costs – Beginning of year	5,442,646	1,402,963
Exploration costs written-off	—	(78,233)
Exploration costs – End of year	8,174,607	5,442,646
	12,188,955	9,403,209

4. **RECLAMATION BONDS**

Reclamation bonds are lodged with the British Columbia Ministry of Energy, Mines and Petroleum Resources for the Kemess mineral claims.

5. **CAPITAL ASSETS**

Capital assets are comprised of mining and computer equipment and are recorded at cost net of accumulated amortization of $8,545 (1991 – $4,846).

6. **SHARE CAPITAL**

Authorized share capital of the Company consists of 100,000,000 common shares without par value.

	Price per Share	**Number of Shares**	**$**
Issued at December 31, 1989		4,206,122	1,287,330
Initial public offering (net of share issue costs)	0.45	500,000	179,091
Private placements	0.43	953,488	410,000
	1.07	600,000	642,000
	1.235	242,914	300,000
Stock options exercised	0.45	183,400	82,530
	0.73	100,000	73,000
	1.11	60,000	66,600
Warrants exercised	0.68	22,058	15,000
	0.70	200,000	140,000
Finder's fee for mineral property	1.31*	10,000	13,100
		2,871,860	1,921,321
Issued at December 31, 1990		7,077,982	3,208,651
Private placements	2.75	800,000	2,200,000
	2.80	1,055,000	2,954,000
Stock options exercised	.40	58,570	23,428
	.56	40,000	22,400
	.77	50,000	38,500
	1.11	95,000	105,450
	1.34	176,500	236,510
	2.75	30,000	82,500
	3.10	30,000	93,000
Warrants exercised	.43	852,328	366,501
	.50	11,627	5,813
	.68	22,058	15,000
	1.07	500,000	535,000
	2.75	15,200	41,800
	3.00	40,000	120,000
Acquisition of mineral claims	3.25*	25,000	81,250
Debenture financing cost	2.52*	225,000	567,000
Finder's fee for mineral property	1.31*	15,000	19,650
		4,041,283	7,507,802
Issued at December 31, 1991		11,119,265	10,716,453
Stock options exercised	0.77	27,000	20,790
	1.11	75,000	83,250
	1.34	83,500	111,890
	2.75	45,000	123,750
	3.10	72,000	223,200
Warrants exercised	0.50	89,533	44,767
	1.23	100,000	123,000
	2.75	734,800	2,020,700
	4.25	3,125	13,281
Conversion of convertible promissory notes (net of share issue costs)	4.00	1,291,000	4,854,160
Flow-through share unit subscriptions (net of share issue costs)	4.00	509,000	1,913,840
Agent's fees	4.00*	61,680	246,720
Debenture extension bonus	2.52*	45,000	113,400
		3,136,638	9,892,748
Issued at December 31, 1992		14,255,903	20,609,201

*ascribed value

Rio Algom Limited has a pre-emptive right to participate in all future share offerings by the Company until September 6, 1996.

6. **SHARE CAPITAL** *(continued)*

Stock options are outstanding to directors and employees of the Company exercisable at prices representing fair market value at the time the options were granted, as follows:

Number of Shares	Exercise Price	Expiry Date
10,000	$2.75	April 19, 1993
20,000	2.75	July 18, 1993
9,000	3.10	September 4, 1993
59,000	3.87	September 16, 1994

Warrants are outstanding exercisable at prices representing fair market value at the time the warrants were issued, as follows:

Number of Shares	Exercise Price	Expiry Date
50,000	$3.16	July 18, 1993

7. **RELATED PARTY TRANSACTIONS**

The Company issued a convertible debenture in 1991 for $3,500,000 to two directors and to a private company controlled by a director. The debenture was secured by a first registered security interest on all of the Company's assets and was due thirty days after demand bearing interest at prime plus 2%. The proceeds were used to purchase the remaining 40% interest in the Kemess North mineral claims. During 1991, the Company repaid $1,984,000 of the principal amount of the debenture which reduced the balance to $1,516,000 and issued an aggregate of 225,000 shares at an ascribed value of $567,000 to the debenture holders. In 1992, the Company repaid the balance together with accumulated interest of $287,207 and issued an aggregate of 45,000 shares at an ascribed value of $113,400 to the debenture holders.

8. **LOSS PER SHARE**

Loss per share has been calculated based on the weighted-average number of shares outstanding during the year.

9. **INCOME TAXES**

The Company has certain resource related deductions, net of amounts renounced under flow-through share financing agreements, and has other losses which are available to be offset against future taxable income. The benefits of these losses and deductions are not reflected in these financial statements as there is no virtual certainty that they will be realized.

10. **JOINT VENTURE**

The Company's proportionate share of the joint venture operations included in the financial statements are summarized below.

	1992 $	1991 $
ASSETS		
Current assets	201,619	283,023
Capital assets	7,984	3,945
Mineral properties	3,685,639	2,120,633
Reclamation bonds	51,470	25,000
	3,946,712	2,432,601
LIABILITIES AND PARTICIPANTS' EQUITY		
Current liabilities	151,570	463,879
Participants' equity	3,795,142	1,968,722
	3,946,712	2,432,601
REVENUE		
Interest revenue	1,147	7,098
EXPENSES		
Amortization	2,105	696
General and administrative	44,891	30,196
Operator's fees	64,731	151,884
	111,727	182,776
Net operating loss for the year	110,580	175,678

Refer to note 3.

11. SUBSEQUENT EVENTS

a) The Company advanced $500,000 to St. Philips secured by a convertible debenture bearing interest at prime plus 3% and is repayable on or before June 30, 1993 at St. Philips' option or is convertible at the Company's option into common shares of St. Philips at $1.10 per share.

The Company received a bonus of 45,454 common shares of St. Philips in consideration for issuing the convertible debenture.

b) St. Philips repaid the $400,000 it owed to the Company.

12. RECONCILIATION BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Under generally accepted accounting principles (GAAP) in Canada, amalgamation costs are capital transactions and are excluded from the determination of operating results. Under U.S. GAAP, amalgamation costs are included in the determination of operating results.

Material effects of the different Canadian and U.S. GAAP on the Company's statement of loss are as follows:

STATEMENT OF LOSS	1992 $	1991 $	1990 $
Net operating loss as determined under Canadian GAAP.	(1,038,530)	(1,483,657)	(342,719)
Add amalgamation costs that are expensed under U.S. GAAP.	—	(73,845)	—
Net operating loss as determined under U.S. GAAP	(1,038,530)	(1,557,502)	(342,719)
Loss per share as determined under U.S. GAAP	$(0.09)	$(0.18)	$(0.07)

CORPORATE INFORMATION

OFFICERS

Robert G. Hunter, *Chairman, CEO*
Robert A. Dickinson, *President, CFO*
David J. Copeland, *Vice President*
Douglas B. Forster, *Secretary*

DIRECTORS

David J. Copeland
Scott D. Cousens
Robert A. Dickinson
Douglas B. Forster
Harold H. Forzley
Robert G. Hunter
Aziz Shariff
Ronald W. Thiessen

CORPORATE ADDRESS

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Vancouver, British Columbia
Canada V6C 2V6
Telephone: (604) 684-6365
Facsimile: (604) 684-8092
Toll Free: 1-800 667-2114

ATTORNEYS

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Barristers & Solicitors
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Vancouver, British Columbia
Canada V7X 1L1

AUDITORS

DeVisser & Company
Chartered Accountants
201-960 Richards Street
Vancouver, British Columbia
Canada V6B 3C1

TRANSFER AGENT

Montreal Trust Company
4th Floor, 510 Burrard Street
Vancouver, British Columbia
Canada V6C 3B9

BANK

Canadian Imperial Bank of Commerce
400 Burrard Street
Vancouver, British Columbia
Canada V6C 3A6

TRADES

NASDAQ (ECNCF)
Vancouver Stock Exchange (ECN.V)

CAPITALIZATION *as at January, 1993*

Common authorized	100,000,000
Issued	14,255,903
Fully Diluted	14,403,903

ANNUAL MEETING

The Annual General Meeting of the Shareholders of El Condor Resources Ltd. will be held at 1:30 pm on May 25, 1993 in the Aspen Room at the Four Seasons Hotel, 791 West Georgia Street, Vancouver, B.C.

FOR FURTHER INFORMATION CONTACT:

Scott D. Cousens,
Director of Corporate Communications
1020-800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V6
Telephone: (604) 684-6365
Facsimile: (604) 684-8092
Toll Free: 1-800 667-2114

The Company is registered pursuant to Section 12(g) of the Securities Exchange Act of 1934. A copy of the Company's annual filing under Form 20F will be available from the Securities Exchange Commission, Washington, D.C. no later than June 30, 1993.

When the use of the mineral resource is completed, facility use and activities will continue to ensure enhancement of vegetative and wildlife resources.

EL CONDOR RESOURCES LTD.
1020-800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V6

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May 30, 1994

NEWS RELEASE

Robert G. Hunter, Chairman of El Condor Resources Ltd. (ECN:VSE; ECNCF:NASDAQ) advises that Pegasus Gold Inc. has decided not to proceed with its proposed acquisition of El Condor's outstanding shares. Pegasus' reasons for terminating the merger proposal are that Pegasus' shares are trading at prices below C$25.50, which was the bottom of the share price range contemplated for the merger to complete, and Pegasus concluded that the Kemess South Project does not meet its investment criteria, which criteria were not disclosed to the Company.

Most importantly for El Condor shareholders, the results of the Pegasus operating team's extensive due diligence program compare with the prefeasibility mine model completed by Kilborn Engineering Ltd. for El Condor as announced on July 19, 1993. Pegasus' life of mine, cash cost of gold production (net of by-product credits) of US$119 per ounce matches with Kilborn's US$119 per ounce. Similarily, a Project after tax rate of return of 14.13% determined by Pegasus compares with Kilborn's 14.83%. The Kemess South deposit is a world-class gold mine Project with strong economics.

Kilborn's mine model assumed US$375/oz gold; US$1.00/lb copper; a US$0.77 to C$1.00 exchange rate; and a 2 year start to production. Pegasus' mine model assumed US$400/oz gold; US$0.90/lb copper; a US$0.72 to C$1.00 exchange rate; and a 4 year start to production. Kilborn estimated a US$280 million cost for Project construction while Pegasus estimated US$288 million. Kilborn estimated an operating cost per tonne of ore milled of US$3.66 while Pegasus estimated US$4.02. A detailed comparison of Kilborn's mine model and Pegasus' due diligence mine model is provided below.

MINE MODEL COMPARISON

	Kilborn Mine Model	Pegasus Mine Model
Ore Reserve:		
Ore (million tonnes)	200.4	194.4
Waste to Ore Ratio	1.26	1.19
Ore Grade:		
Gold (oz/ton)	0.0183	0.0191
Copper (%)	0.224	0.227
Contained Metal:		
Gold (oz's)	4,058,639	4,101,876
Copper (lbs)	991,783,248	972,220,392
Recovery:		
Supergene		
Gold (%)	70.20	70.20
Copper (%)	70.06	70.07
Hypogene		
Gold (%)	78.19	78.28
Copper (%)	88.30	88.38
Production Rate:		
(tonnes of ore/day)	40,000	40,000
Construction Capital Costs:		
(US$)	280	288
Operating Costs:		
Mining (US$/tonne ore)	1.31	1.37
Processing (US$/tonne ore)	1.80	1.94
Administration (US$/tonne ore)	0.55	0.71
Total (US$/tonne ore)	3.66	4.02
Average Annual Production:		
Gold-Year 1 to 6 (ozs)	259,000	267,560
Gold-Life of Mine (ozs)	213,000	223,170
Copper-Year 1 to 6 (lbs)	65,000,000	65,000,000
Copper-Life of Mine (lbs)	58,000,000	59,000,000
Cash Cost of Production:		
Gold-Year 1 to 6 - Net (US$/oz)	65	80
Gold-Life of Mine - Net (US$/oz)	119	119
Project Rate of Return:		
Before Tax (%)	19.93	20.42
After Tax (%)	14.83	14.13

Pegasus, as part of their due diligence, undertook an intensive technical evaluation of the Kemess Project. Their program included confirmation drilling, ore reserve re-estimation, mine design, metallurgical testing and independent capital and operating cost estimates. Pegasus calculated a 4.4% gold grade increase in the mineable reserve from 0.0183 to 0.0191 ounces/ton. Results supplied to El Condor by Pegasus from Pegasus' nine hole confirmation drill program are:

Hole Number	From (ft)	To (ft)	Interval (ft)	Au oz/ton	Cu %
94-180	418	820	402	0.025	0.29
94-181	285	656	371	0.019	0.20
94-182	394	610	216	0.020	0.22
94-183	150	919	769	0.027	0.25
94-184	23	596	573	0.017	0.19
94-185	56	554	498	0.021	0.28
94-186	73	443	370	0.038	0.23
94-187	15	663	648	0.016	0.20
94-188	39	591	552	0.024	0.22

Further, Pegasus' due diligence program verified the saleability of Kemess South concentrate to Asian smelters. No less than six smelters provided letters stating a strong interest in purchasing Kemess South concentrate and a number of the smelters expressed an interest in providing Project financing. The level of smelter interest substantially exceeds the amount of concentrate that the Project can produce. In addition, the government of British Columbia, at the highest levels, confirmed their support for development of the Kemess South Project.

In summary, although Pegasus has decided not to proceed with their merger proposal, the results from their extensive due diligence work, conducted by their senior operating personnel essentially agree with the results of the Kilborn Study. El Condor's management believes that engineering and economic analysis performed to date demonstrates that the Kemess South deposit is a world-class gold mining project. Furthermore, management's view is that Pegasus' work has added significant value to the Project by substantially advancing the engineering status while reducing uncertainty. Management will continue its efforts to increase shareholder value.

On Behalf of the Board

Robert G. Hunter
Chairman

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The Northern Miner

CANADA'S MINING NEWSPAPER 1450 Don Mills Rd, Don Mills, Ontario M3B 2X7

June 6, 1994

'Temporary setback': Dickinson

Pegasus passes on El Condor

VANCOUVER — Following a 4-month due diligence review, **Pegasus Gold** (TSE) has decided not to acquire **El Condor Resources** (VSE).

Pegasus had offered to buy all the outstanding shares of El Condor for $7.50, payable in common shares of the company. El Condor's major asset is a 60% interest in the South Kemess copper-gold project in north-central British Columbia.

However, Pegasus has decided that South Kemess does not meet its investment criteria, says corporate spokesman Michael Steeves. He adds that Pegasus probably did the most thorough due diligence it has ever done on a project.

Pegasus is very impressed with the job El Condor did at South Kemess, he says, adding that no major discrepancies were found in any of the data.

Pegasus says, also, that its talks with the British Columbia government went well, and the province remains supportive of the South Kemess project.

No single factor is being attributed to Pegasus' decision to cancel the deal; Steeves says only that, after careful consideration, the company determined that the project does not meet its capital investment criteria.

Consultant Kilborn Engineering completed a prefeasibility study last year, estimating reserves at 220 million tons grading 0.22% copper and 0.018 oz. gold per ton with a 1.26-to-1 stripping ratio.

The capital cost of a 44,000-ton-per-day operation was projected at US$280 million.

Output in the first six years of operation was estimated at 259,000 oz. gold and 65 million lb. copper per year, with a cash cost, net of copper credits (based on US$1 per lb. copper), of US$65 per oz. gold.

Pegasus estimated production in the first six years at 267,560 oz. gold and 65 million lb. copper per year at a cash cost, net of copper credits (based on US90¢ per lb. copper), of US$80 per oz. gold.

Both Pegasus and El Condor pegged the life-of-mine production cost at US$119 per oz. gold.

Although disappointed with Pegasus' decision, Robert Hunter and Robert Dickinson, chairman and president respectively of El Condor, are nonetheless pleased that the due diligence review confirmed Kilborn's prefeasibility work.

Regarding recent developments as "only a temporary setback," Dickinson and Hunter plan to re-activate talks with a number of parties who expressed an interest in the project prior to Pegasus' offer.

St. Philips Resources (VSE), which was not included in Pegasus' offer, owns the remaining 40% interest in South Kemess.

August 9, 1994

J. HOWLETT & ASSOCIATES INC. RESEARCH

El Condor Resources Ltd.
(ECN- Vancouver; ECNCF- Nasdaq)

Share Data ($Cdn):

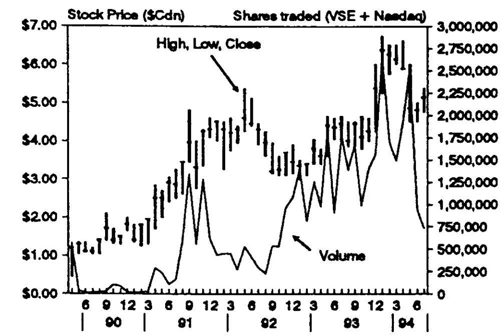
Current Price (8/8/94):	$5.50
52-week Price Range:	$3.80 - $6.75
Shares Outstanding (3/31/94):	14,463,903
Fully Diluted Shares:	14,503,903
(40,000 options @ $3.87)	

Capitalization ($Cdn):

Market Cap.:	$79.5 million
Debt Outstanding:	nil
Working Capital:	$2.0 million

Corporate Information:

Significant Shareholders:	Management Control (22%)
Company Contact/Director:	Scott D. Cousens



Phone: (604) 684-6365,
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Fax: (604) 684-8092

INVESTMENT HIGHLIGHTS

In 1990, El Condor acquired a 60% controlling interest in the Kemess South gold/copper exploration project in north central British Columbia. Since then, El Condor, as operator, has brought the property through exploration/development to the prefeasibility stage. The Kemess South deposit is among Canada's largest open-pit projects having mineable reserves of 221 million tons containing 4.1 million ounces of gold and 1 billion pounds of copper. Early marketing efforts resulted in an offer to purchase 100% of ECN at Cdn $7.50 per share by Pegasus Gold Inc. Pegasus terminated the offer for its own internal financial reasons, even though a $1+ million due diligence effort confirmed the project's mineable reserve and cost estimates. Management has recently reinstituted efforts to market ECN to prospective mining operators, who have already expressed a high level of interest. We believe that ECN is a very attractive acquisition candidate, given:

Large orebody, high proportion of gold.	El Condor's 60% interest represents ***2.4 million ounces of contained gold*** and ***600 million pounds of contained copper.*** Its' share of average yearly production would be approximately ***130,000 ounces of gold and 35 million pounds of copper.*** The net revenue contribution of gold exceeds ***60%***, sufficient to define Kemess South as a gold mine project.
High confidence in reserves & expected costs	Over a four month due diligence period, Pegasus confirmed Kilborn Engineering's prefeasibility ore reserves, the deposit's mineability, and cost estimates
Low operating costs.	On a normal cost basis, cash operating costs for gold are forecast at US $92/oz.
High cash flow contributor	ECN's share of Kemess South is expected to generate average annual operating cash flow after tax of over ***Cdn $37 million***.
Large exploration land package	ECN owns 100% of the balance of properties referred to as Kemess North, covering 24,598 acres. Work to date has identified a deposit of 173 million tons @ 0.11 opt Au and 0.18% Cu with potential for the discovery of additional deposits.

We strongly believe that ECN's Cdn $5.50 current price level is too low, given that ECN is trading at more than a 50% discount to a weighted gold/copper NPV, as well as very low cash flow and price/earnings multiples. We believe ECN creates value for metal producers up to the Cdn $10.00 level and therefore recommend purchase of ECN shares by investors to the Cdn $7.00 level.

Contact: Jeff Howlett Telephone: 604 736-4563 Fax: 604 736-5591

COMPANY OVERVIEW

El Condor's primary assets consist of two contiguous mineral claim groups- Kemess South (60%-owned, 3,459 acres, 146 claim units, El Condor is operator) and Kemess North (100% owned, 28,246 acres, 649 claim units). These properties are located in north central B.C., situated roughly 220 miles (354 km) north of Mackenzie. Substantially all of El Condor's market capitalization is related to these assets.

In 1966, Kennco Explorations (Western) Limited carried out regional silt surveys in the vicinity of a large gossan which contains the Kemess North deposit. Work carried out from 1968 to 1971 indicated potentially low copper grades, at which point the project became inactive. Getty Mines Ltd. and Cominco Ltd. separately optioned the property from Kennco and conducted exploration from 1975-76 and 1968-77 respectively, again dropping the option due to perceived low copper grades.

El Condor optioned the Kemess North property from Kennco in 1986, and from 1986-1990 completed various programs, *including analyzing all drill samples for gold for the first time*. This concept of re-interpreting existing geological data to determine the potential for large scale disseminated gold-copper deposits was also applied to Kemess South and resulted in the signing of an option agreement with St. Philips Resources Inc. in 1990. Thereafter, recognizing the possibilities for a two commodity mine, the Hunter/Dickinson team acquired control of El Condor in June/1990. They proceeded to consolidate through staking and acquisition of the adjacent land position in 1990, 1991, and 1992, and conducted further geological studies in order to determine the full extent of the resource.

The focus of El Condor has been: 1) to identify promising, underexplored, large-scale targets at Kemess; 2) finance, develop, and engineer the project to prefeasibility, thereby removing much of the project risk; and 3) bring in a senior producing mining company to provide production financing and operating expertise, or vend the property or ECN to a producer.

In order to complete its objectives, Management has raised financing of over Cdn $16.4 million since 1990 to fund Kemess exclusively. As at July 28, 1994, ECN had working capital of approximately Cdn $2.0 million (all cash), and no debt. It has adequate funding to carry through with the remainder of the development and permit application programs and execute a sale of ECN or the Kemess property through its' financial agents, Lancaster Financial.

Work Completed at Kemess. Since 1990, El Condor has spent over Cdn $14.4 million at Kemess which has included acquisition, drilling, bulk sampling, metallurgy, mine planning, engineering, power, transport, tailings impoundment, geotechnical, environmental and socio-economic programs. These activities have been successful in defining an economic, world class gold/copper deposit.

Kemess South Deposit. The Kemess South deposit is near surface, blanket-shaped and remarkably **continuous**. Particulars of the deposit are as follows:

Work Completed	Deposit Size	Drilling	Mineable Reserve
Exploration work by El Condor personnel. Mineable reserves calculated by Independent Mining Consultants of Tucson, Az. Gold and copper recoveries and other process criteria determined through a series of metallurgical tests at Lakefield Research under direction and supervision of Melis Engineering Limited. Prefeasibility Study by Kilborn Engineering Pacific Ltd.	4,600 feet east-west 2,000 feet north-south up to 800 feet thick	151 diamond drill holes. Grid drilling on 330' centers.	220,947,000 tons (0.0183 oz/ton Au, 0.224% Cu) (4.1 million ozs contained Au, 1 billion lbs contained Cu)

Deposit mineralization is extremely continuous and consistent, resulting in a waste to ore stripping ratio over the life of mine that averages 1.25:1. All technical work has been completed at Kemess South, only completion of permitting remains. To this end, El Condor has worked successfully with Government agencies since the inception of the project. No sensitive issues have been identified and a mine development certificate is expected in 1994.

Kemess North Deposit. Work completed by El Condor on its 100% owned North Kemess property has identified an extensive deposit, but at lower grades than Kemess South. Exploration consisting of 63 drill holes has defined a mineral reserve of 173 million tons grading 0.011 oz/ton gold (1.9 million ounces) and 0.18% copper (0.6 billion lbs). Mineralization is extensive and wide open, with good potential for higher grade zones. *Mining of these zones could commence at some point during Kemess South's life to take advantage of favorable metal price levels and economies of scale.*

Other Areas of Kemess. Limited drilling and general field work performed on other target areas has discovered anomalous to marginal gold/copper grades and indicated a favorable geological setting for similar gold copper mineralization within the total Kemess land package of 31,705 acres.

NATURE OF THE KEMESS SOUTH PROJECT

i. Co-Product Mine.

Kemess's single most important facet to recognize is the co-product nature of the orebody containing large amounts of two metals (4.1 million ozs Au, 1 billion lbs Cu, or roughly 60/40 gold/copper by value). Many mines are single commodity in nature, with other minerals occurring in relatively small amounts (up to 30% by value). Thus, grades of each commodity by itself at Kemess (0.0183 opt gold and 0.224% copper) appear low when compared to a single commodity producer. However, because of the presence of both commodities, costs can be allocated (and revenues derived from) two commodities, rather than one. Therefore, a direct comparison of grades at Kemess to grades at single commodity deposits are far less meaningful than a comparison of combined revenues and costs.

ii. Attractive Cost structure.

Normally, metal producers follow one of three methods of costing, namely: 1) the normal cost basis (whereby by-product revenue offsets operating costs, rather than individual revenue items); 2) the pro rata basis (where revenue from each commodity is shown separately as well as operating costs split for each commodity based on pro rata revenue contributions); and 3) costs per "equivalent" unit, where all payable metals are converted to one metal using relative revenue contributions.

Because the deposit has such a high by-product content on a gold or copper basis only, the normal costing method results in very low cost figures. Under either the pro rata or equivalent costing basis, we see that Kemess is very competitive with costs of approximately US $210 - US $215 per ounce of gold, which is within the low end of the industry range (i.e. North American producers cluster between US $200 and US $250 per ounce, with a few below US $200 and some above US $300).

$US costs with US $385 Au, US $1.00 Cu		
Method	**Au $US cost/oz**	**Cu $US cost/lb.**
Normal cost	$92	($0.076)
Pro rata cost	$209	$0.58
Equivalent units	$214	$0.56

In addition, these costs are very competitive by world standards, especially when factoring in ECN's low capital and acquisition costs. South Kemess's low operating costs are a consequence of having physiography which is amenable to open pit mining, an orebody that is consistent, continuous, and relatively high grade when both metals are factored in.

iii. *Very Low Commodity Price Risk.*

Owing to its co-product nature, we believe that commodity price risks are very low at Kemess. As the selling price of one commodity is reduced, so too are costs on a pro rata or equivalent cost basis (but the already low "normal" costs remain essentially unchanged). To illustrate, should the gold price decline significantly to a very low US $325 per ounce, Kemess's costs would remain favorable, as follows:

$US Costs with $325 Au, $1.00 Cu		
Method	**Au cost/oz**	**Cu cost/lb.**
Normal cost	$91	$0.14
Pro rata cost	$194	$0.63
Equivalent units	$198	$0.61

The presence of the second commodity serves to mitigate the effect of a severe price decline in the first commodity. Although leverage will not be as high as for a single commodity mine, risks are significantly less. Therefore, ECN is attractive primarily for its high earnings and cash flow contributions, and for its low risk profile.

In fact, with gold at US $325 and copper at US $0.70, ECN would be expected to be profitable on an ***income*** basis (assuming no interest cost). ***This income figure includes not only depreciation of capital expenditures but amortization of the purchase price (i.e. net income to an acquirer, not just income from the mine)***. At those same commodity price levels, ECN's annual operating cash flow would still be forecast at roughly ***Cdn $26 million***. Given that roughly 1/3 of the North American mining companies that we looked at are expected to have very little or negative earnings in 1994, we see this as a particularly attractive feature of Kemess.

iv. *Future Enhanced Competitiveness of Mines That Supply Concentrate to Smelters*

Traditional concentrate treatment terms and feed needs are changing for the betterment of concentrate mine producers as a result of the confluence of several factors: i) most of the smelters of the 1960's are trying to conform to emissions standards and require only "clean" feed, which Kemess has; ii) traditional sources of supply are winding down; and iii) many new copper mines coming on stream are expected to employ solvent-extraction techniques which produce copper cathodes directly. Accordingly, treatment charges are declining from historic US $100+ per tonne at the mine site to the current rate of approximately US $75 per tonne and lower. We have conservatively used US $85 per tonne in our forecast.

These trends are expected to benefit Kemess in three ways- 1) reduced future processing charges; 2) enhanced competitiveness of the "clean" Kemess concentrate; and 3) there are several smelters interested in financing part of the Kemess project.

v. *Environmental*

From the beginning, ECN has worked closely with government agencies to initiate the necessary baseline environmental investigations. After extensive study, no material environmental concerns have been identified. Some of the more salient aspects of the project are:

• location away from cities or parks.	• no sensitive habitats.
• moderately low capability for agriculture, timber harvest or waterfowl production.	• minimal existing fisheries habitat.
• very limited recreational usage.	• absence of impact on local salmon streams.
• waste rock and tailings are acid consuming and devoid of any metal residues of environmental concern.	• no cyanide used.
	• no direct discharge of process water to the general environment.

vi. *Government Regulation*

The B.C. Government is very interested in the realization of a Kemess South mine. There are a number of reasons for this:

- *Support of local populations*. In meetings with the local populations of Fort St. James, Smithers, Prince George, Mackenzie, and Fort St. John, there is enthusiastic support for the many benefits of the rotational shift, fly-in/fly-out project. In several open house meetings, there was a 98% polled support from those represented populations.
- *Depletion of B.C. Mines*. There are several significant base metal mines in B.C. that already have or will have their reserves exhausted, some of which follow:

Mine	Owner/ Operator	Milling Rate (tons/day)	When Depleted
Bell	Noranda	16,500	Closed- 1992
Brenda	Noranda	33,000	Closed- 1991
Afton	Teck	9,350	Closed- 1991, reopening 1994
Island Copper	BHP/Utah	55,000	1996
Valley	Cominco/ Teck/Rio	145,000	2010
Similco	Princeton	23,500	2000
Gibraltar	Placer	38,000	2005

These mines are all open pit porphyries, as is Kemess. The B.C. and Yukon Mining Association has stated that it expects only three of these currently operating mines to be in operation in the year 2000 despite the fact that the above companies have all been actively exploring for new reserves.

- *Political*. The provincial government is actively encouraging more positive perceptions of mining in the province. This follows in the wake of the disastrous public relations fallout from unilaterally removing Windy Craggy from the review process. Recently, the government has stated that B.C. recognizes it must be "open for business", and will expeditiously permit sound projects. In fact, there have been a number of mine certificates granted in 1993 and 1994 (i.e. Stronsay, Mount Polley, Mount Milligan, and recently Eskay Creek).

In summary, El Condor Management have established an ongoing working relationship with the Province as well as other interested parties. There appears to be no significant obstacles relating to environmental, permitting, or political issues associated with the project.

vii. *Low Risk Profile*

We see relatively low risks inherent in Kemess, as follows:

• low geological risk (continuous, consistent orebody geometry).	• low operating risk (proven conventional open pit and milling technology).
• ability to attract low cost gold loans (reduces financial risk).	• low operating costs, high recoveries.
• lack of environmental exposure (no acid mine drainage, etc.)	• low political/local population risk.
• two metal diversification.	• long mine life to take advantage of several metal price cycles.

VALUE OF EL CONDOR

Valuation methods for ECN must account for the differing parameters used for gold and copper properties. We have analyzed ECN from several perspectives, as detailed below:

A. Net Income (PE Multiple)

Shown on page 7 is our summary forecast Income and Cash Flow Statements for ECN. We have included in these statements all costs related to depreciation of capital/construction expenditures as well as amortization of an assumed Cdn $7.50 per share acquisition cost. These basic results were then adjusted for financing required to place the property into production (i.e. debt and equity funding for construction capital).

	(000's, Dollar amounts in $Cdn)	
ECN Contribution Before Financing	$14,468	see following page
- After Tax Financing Charge	$1,685	20% of capital cost @ 7%, after tax
Net Income Contribution	$12,782	
Existing ECN Shares	14,464	
Assumed New Total Shares Issued	23,680	for balance of capital cost
Assumed New Total	38,145	
Forecast E.P.S. ($Cdn)	**$0.34**	

Under differing purchase price assumptions, net income contributions are forecast to range from **Cdn $14.5 million** (a Cdn $7.50 acquisition price per share) to approximately **Cdn $12 million** (a Cdn $12.50 purchase price).

Industry multiples range as follows:

	Multiple	Comments
Gold	30	For those earning profits, industry average of 30 times based on today's gold price.
Copper	15	Market multiple of 15 times based on future earnings and US $1.00 Cu price/lb. Alternatively, a lower market multiple (10 times future earnings assuming a long term Cu price of US $1.25/lb.

At the low end, our earnings multiple is therefore [30 x 60%] + [15 x 40%] = **24 times**, for ECN value of Cdn $0.34 x 24 = **Cdn $8.16**. Using a lower copper multiple but a higher US $1.25 real long term price for copper, our value becomes [30 x 60%] + [10 x 40%] = **22 times** our revised Cdn $0.43 earnings for a **Cdn $9.50** per share value. On an earnings basis, we would expect the true value to lie between these two figures, at **Cdn $8.83**.

B. Multiple of Cash Flow

We have followed a similar approach in valuing cash flow.

	(000's, Dollar amounts in $Cdn)	
ECN Cash Flow Contribution Before Financing	$37,249	see following page
- After Tax Financing Charge	$1,685	20% of capital cost @ 7%, after tax
Net Income Contribution	$35,564	
Forecast CFPS ($Cdn)	**$0.93**	39,623 shares, as above

Our range of industry multiples is as follows:

	Multiple	Comments
Gold	9-15	Industry average of just over 12. Generally a tighter range of cash flow multiples than is the case for earnings multiples.
Copper	8	Approximate market average for future cash flow.

Our multiple in this case is therefore [12 x 60%] + [8 x 40%] = **10.4 times**, for ECN value of Cdn $0.93 x 10.4 = **Cdn $9.67**.

EL CONDOR NORMALIZED INCOME, CASH FLOW

		$US Prices	Normalized Ave per Year / Revenues, costs in $Cdn	$Cdn	
Production- Kemess Total					
Production Rate (tonnes ore/day)			40,000		
Average Yearly Production (mt)			14,600,000		
Average Copper Concentrate (DMT)			105,000		
Payable Metal Recovered			**Total**		
Average Yearly Gold (ozs)			213,000		
Average Yearly Copper (lbs)			58,000,000		
Average Yearly Silver (ozs)			180,000		
Foreign Exchange Rate ($Cdn/$US)			0.725		
Metal Revenues ($Cdn)					
Gold		$385.0	113,110,345		
Copper		$1.00	80,000,000		
Silver		$5.00	1,241,379		
Total Gross Revenue			194,351,724		
- Minesite Costs (mining, processing, admin)			73,000,000	$5.00	per tonne ore
- Transportation			9,223,117	$87.84	per DMT
- Treatment Charges			12,310,345	$117.24	$US 85 per DMT
- Metal Deductions, Price Participation	Au		2,262,207	2.0%	of metal recovered
	Cu		3,192,869	$0.01	per lb of concentrate (if Cu > $1.00)
	Ag		124,138	10.0%	of metal recovered
- Refining Charges	Au		2,056,552	$9.66	$US 7 per oz.
	Cu		6,000,000	$0.10	$US 0.075 per lb.
	Ag		99,310	$0.55	$US 0.40 per oz.
Operating Income			86,083,187		
- Depreciation of Net Capital Cost			25,055,500	($370,000,000 capital + $5,550,000 reclamation - $24,773,000 salvage) over 14 years	
- Depreciation on Acquisition Cost			12,914,199	@ $Cdn 7.50 over 14 years (100% basis)	
- Average Sustaining Capital			3,645,800		
Pre Tax Income			44,467,688		
- Income, Mining Taxes			20,355,002	45.8%	
Net Income- Kemess Total ($Cdn)			**24,112,686**		
El Condor Share of Net Income ($Cdn)			**14,467,612**	**60.0%**	
Cash Flow- Kemess Total ($Cdn)			**62,082,385**		
El Condor Share of Cash Flow ($Cdn)			**37,249,431**	**60.0%**	

Equivalent Units (incl. Ag)	
Gold	Copper
365,987	140,905,000

Costs- Various Methods

	Per Equivalent Unit		Normal Cost		Pro Rata Cost	
	Gold	Copper	Gold	Copper	Gold	Copper
	$214	**$0.56**	**$92**	**($0.076)**	**$209**	**$0.58**

Costs	
108,268,537	**Total Average Yearly**
27,027,158	**Normal Cost- Gold**
(6,083,187)	**Normal Cost- Copper**

Note on the "normalized" income and cash flow forecast. The forecast given on the previous page incorporates some adjustments to the original Kilborn prefeasibility estimates based on items identified by Pegasus (who had factored in slightly increased cost estimates). While some of the differences probably relate to differing comfort levels related to buyer/seller negotiating positions, there is also the possibility for justifiable added costs to the original prefeasibility amounts. Although we believe that the Kilborn figures provide a more detailed and rigorous review of future operations, we have adjusted operating costs upward to Cdn $5.00 per tonne and capital costs to Cdn $370 million. Kilborn's capital cost contingency of Cdn $27.4 million remains unchanged, providing additional comfort. *Overall, we believe our forecast estimates to be reflective of a fair "middle ground", one that embodies more conservatism than optimism.*

C. Net Present Value ($US 385 Au/oz, $US 1.00 Cu/lb, Fx= $0.725 US=$1Cdn)

Our detailed cash flow forecast on page 9 differs from our normalized annual income and cash flow amounts above in three important respects: 1) timing of initial construction capital expenditures versus the subsequent revenue and cash flow stream; 2) relatively greater production of both gold and copper in the early years (most notably in the first six years of production; and 3) accounts for expected timing of tax payments (i.e. low taxation in the early years, followed by full taxation in later years). *Of note, we have also adjusted the original Kilborn cash flow forecast for more conservative operating and capital costs, as explained above.*

As with multiples under the price/earnings and cash flow multiple methods above, discount rates vary significantly between gold and copper properties. Our range of discount rates are as follows:

Discount rate- gold. Typically, gold companies are evaluated using a 0% discount rate for the NPV calculation and adjusted for a premium or discount from that net present value. There is currently on average a slight premium in the industry of approximately 15%. In the case of Kemess, for the gold portion, we feel that a 0% discount rate for the NPV calculation is fully justified and that no discount to that value is warranted in view of the large 4.1 million ounce reserve, low cost per ounce, and low risks mentioned earlier. In fact, a good case can be made for a premium to the NPV in light of these considerations and we would argue for one, save for the fact that the gold assets are intimately tied to a significant copper reserve and that development of the gold reserve occurs concurrently with the copper.

Discount rate- copper. For an appropriate copper discount rate, we have utilized long term market returns actually realized by copper companies. *After adjusting for inflation, these **levered** returns on a **real** basis have averaged approximately 7% - 8%, clustering toward the low 7% range.* We have used 7.25%. On strictly a copper basis, this discount rate could easily be lowered given that: 1) the high gold content could make available significant amounts of low cost gold loans; and 2) the presence of gold *significantly* reduces the copper cost on a normalized basis.

Discount Rate, Basis of Value	$Cdn NPV per ECN share
0% (as a "pure" gold company)	$17.92
2.74%- (as a weighted Au/Cu producer)	**$12.19**
7.25%- (as a pure copper producer)	$6.00

Of note, other major gold/copper producers are commonly valued on the basis of having distinct gold and copper assets. For example, Freeport Copper and Gold, as well as other companies have significant amounts of more than one metal in a given deposit. Freeport has significantly more copper than gold on a value basis (60/40 copper/gold), yet trades on the basis of having its gold reserves valued based on NPV with a 0% discount rate, with no premium or discount to this NPV.

EL CONDOR RESOURCES LTD.
Kemess South Gold Copper Project
(Kilborne/ECN Production Assumptions)

Assumptions:	Gold	Copper
Commodity Prices ($US)	$385	$1.00
Grades (Au- oz/ton, Cu- %)	0.0183	0.224%
Recovery	76.1%	84.7%

Average Production Rate (000's tonnes/day) 38,063 average only (yearly amounts may differ)

Exchange Rate ($Cdn/$US) 0.725

Minesite Costs ($Cdn/tonne ore) $5.00

Years........ (Dollar amounts in $Cdn)

Gross Production Amounts	Ave	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Gold Recovered (000's oz)	215.2			243.9	300.0	277.9	276.2	205.3	244.3	225.9	146.4	165.7	168.0	176.8	209.8	208.1	163.9	64.3
Copper (000's lbs)	58,876			56,160	60,045	67,535	67,639	65,456	72,843	59,704	49,471	54,455	56,789	57,187	57,184	54,841	44,960	16,365
Silver (000's oz)				228.1	220.6	232.4	220.5	208.4	215.6	201.0	181.0	180.1	182.0	185.1	186.7	176.9	158.6	57.1
Summary Cash Flow ($Cdn 000's)																		
Net Payable Gold, Copper, Silver Revenue (1)				191,734	225,082	222,759	222,042	183,125	211,952	186,744	133,826	149,608	153,618	158,599	175,467	171,779	137,290	52,319
- Treatment Charges (per DMT)	$117			12,350	12,625	13,846	13,503	13,234	14,155	12,388	10,951	11,691	11,966	12,007	11,934	11,607	10,318	3,784
- Transportation (per DMT)	$87.84			9,253	9,459	10,373	10,116	9,915	10,605	9,281	8,204	8,759	8,965	8,995	8,941	8,696	7,730	2,835
Net Revenue		0	0	170,131	202,999	198,540	198,423	159,976	187,193	165,075	114,671	129,158	132,687	137,597	154,592	151,477	119,242	45,700
- Minesite Costs	$5.00			71,260	70,735	70,090	69,800	68,935	68,575	69,560	69,680	68,695	68,555	68,910	69,130	68,585	70,000	29,705
Cash Flow Before Capital, Financing		0	0	98,871	132,264	128,450	128,623	91,041	118,618	95,515	44,991	60,463	64,132	68,687	85,462	82,892	49,242	15,995
- Initial Capital Costs	370,000	123,333	246,667															
- Sustaining Capital		0	0	3,395	13,685	5,339	8,112	1,991	2,948	2,395	6,241	1,597	2,553	1,679	2,680	833	618	618
- Cash Income, Mining Taxes Paid		0	0	1,977	2,645	2,569	43,324	44,117	58,179	46,691	20,557	29,005	30,910	33,454	41,909	40,950	24,100	7,393
- Working Capital				11,273														(11,273)
+ Salvage Value (net of reclamation)																		19,223
Net Cash Flow		(123,333)	(246,667)	82,226	115,933	120,542	77,188	44,934	57,491	46,429	18,193	29,860	30,670	33,554	40,873	41,109	24,524	38,480
Share to El Condor	60.0%	(74,000)	(148,000)	49,335	69,560	72,325	46,313	26,960	34,495	27,857	10,916	17,916	18,402	20,133	24,524	24,665	14,714	23,088

(1) After metal deductions and refining charges

Net Present Value		Amount	Working Capital	Total Value	Per Share
	0.00%	259,203	0	259,203	*$17.92*
	2.75%	176,327	0	176,327	*$12.19*
	7.25%	86,791	0	86,791	*$6.00*

D. **Comparable Transactions**

There have been several transactions for both gold and copper properties in recent years. A recent study by The Mining Business Digest ("Acquisition Cost of U.S. Gold Reserves", July, 1993) involved 98 transactions from 1990 through mid-1993. An Apparent Acquisition Cost per ounce of gold reserves was calculated for each transaction. Each transaction was also classified according to the project stage (exploration, development, or producing properties). While their focus was primarily gold, a limited sample of copper transactions were studied.

Average transaction prices were established as follows:

Average Acquisition Costs ($US/oz)	1990	1991	1992	to mid 1993	Overall Range
Exploration	$20	$20	$7	$8	$1-$20
Development	$25	$35	$25	$35	$15-$50
Producing	$50	$60	$50	$40	$20-$100

With this data in mind, we have calculated a range of possible transaction prices for the Kemess deposit as follows:

	Gold Transactions			Copper Transactions			Total		
Value Range	Low	High	Ave	Low	High	Ave	Low	High	Ave
Acquisition cost/unit ($US)	$15.00	$50.00	*$30.00*	$0.010	$0.050	*$0.018*			
Contained reserves	4,059	4,059	4,059	992	992	992			
Total value ($US 000's)	60,885	202,951	121,770	9,920	49,600	17,856			
Total value ($Cdn 000's)	83,980	279,932	167,959	13,683	68,413	24,629			
El Condor Share (60%)	50,388	167,859	100,775	8,210	41,048	14,777			
Per Share	$3.48	$11.61	$6.97	$0.57	$2.84	$1.02	$4.05	$14.45	*$7.99*

Low vs. High? We believe the low end of our range is far too low primarily because it lies well within the range of values realized for strictly exploration projects, which are typically early stage projects and contrast with the advanced stage of development at Kemess. On the other hand, the high end of the range may be considered high in view of the current popularity of South American assets. We believe that El Condor can reasonably be expected to *achieve at least an "average" reserve multiple* given: 1) the advanced stage of development, 2) operating costs are in line with industry standards; and 3) low political, environmental, and operating risks. We would therefore attribute ECN a rough transaction value of **Cdn $7.50 - Cdn $8.50.**.

Although we have arrived at these transaction values independently, we feel justified in view of the prior offer made by Pegasus for ECN shares at the Cdn $7.50 level.

E. **Adjusted Market Capitalization Per Ounce of Reserves**

As a check against the above measures, we have also calculated values for ECN based on industry benchmarks for recoverable reserve values, as though it were a gold producer.

Kemess Total Gold recoverable Reserves (000's ozs)	3,000	
x Multiple ($US)	$150.00	average around $190 currently
x ECN Interest	60%	
= ECN Value ($US)	270,000	
Per ECN Share ($US)	$18.67	
Per ECN Share ($Cdn)	$25.75	
- Capital Cost per Share (ECN share in $Cdn)	$15.34	to bring to production
= Net Value per ECN Share	**$10.40**	**excludes any value for copper**

From a producers point of view, ECN will easily allow a gold producer to trade in line with industry benchmarks on a reserve basis. Note that the value above excludes any value for copper.

SUMMARY AND CONCLUSION

El Condor is a very focused Company which has successfully developed the Kemess South property through to the prefeasibility stage. Mineable reserves now stand at 4.1 million ounces of gold and 1 billion pounds of copper. With all technical work completed and receipt of a mine development certificate virtually assured, Management is now marketing ECN to appropriate mining production companies.

We easily see strong interest on the part of several producing companies, particularly those companies: ❶ whose market values are impaired by a lack of earnings; ❷ higher than average cost producers; ❸ those running out of reserves or wishing to increase their reserves and production substantially; and ❹ those wishing to diversify geographically.

We also see the overall risk profile of Kemess as relatively low. Geological, environmental, operating, and political risks do not exist or have been mitigated to the extent possible given the stage of development.

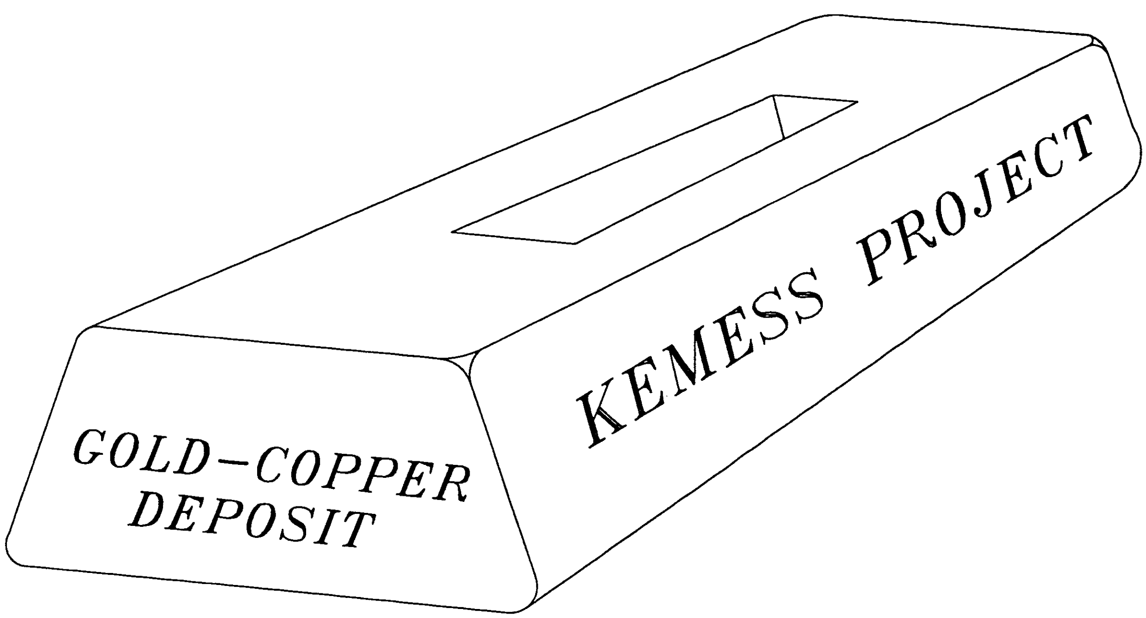
We see additional value in ECN shares beyond today's Cdn $5.50 level. Our value summary is as follows:

Method (refer to p. 7 & p. 9)	Value Range ($Cdn)
Price Earnings Multiple	$8.00 - $9.50
Cash Flow Multiple	$9.00 - $10.00
Net Present Value	$10.00 - $14.00
Transaction Values	$7.50 - $8.50
Adjusted Market Cap per Ounce of Reserves	$10.00+
Range	$7.50 - $12.00

Based on these figures, we believe that ECN could be sold to a producer for up to **Cdn $10.00** per share. However, we believe that some discount to these producer values are in order and that an eventual transaction in the **Cdn $7.00 to Cdn $9.00** range is justified. However, we do not believe today's Cdn $5.50 price to be reflective of the value of ECN, given that 50%+ returns are possible over a relatively short time period.

We believe that ECN's Cdn $5.50 current price level is too low, given that ECN is trading at a 50% discount to a weighted gold/copper NPV, as well as very low cash flow and price/earnings multiples. We believe ECN creates value for metal producers up to the Cdn $10.00 level and would recommend purchase of ECN by investors to the Cdn $7.00 level.

REBUILDING CANADA'S MINERAL RESERVES



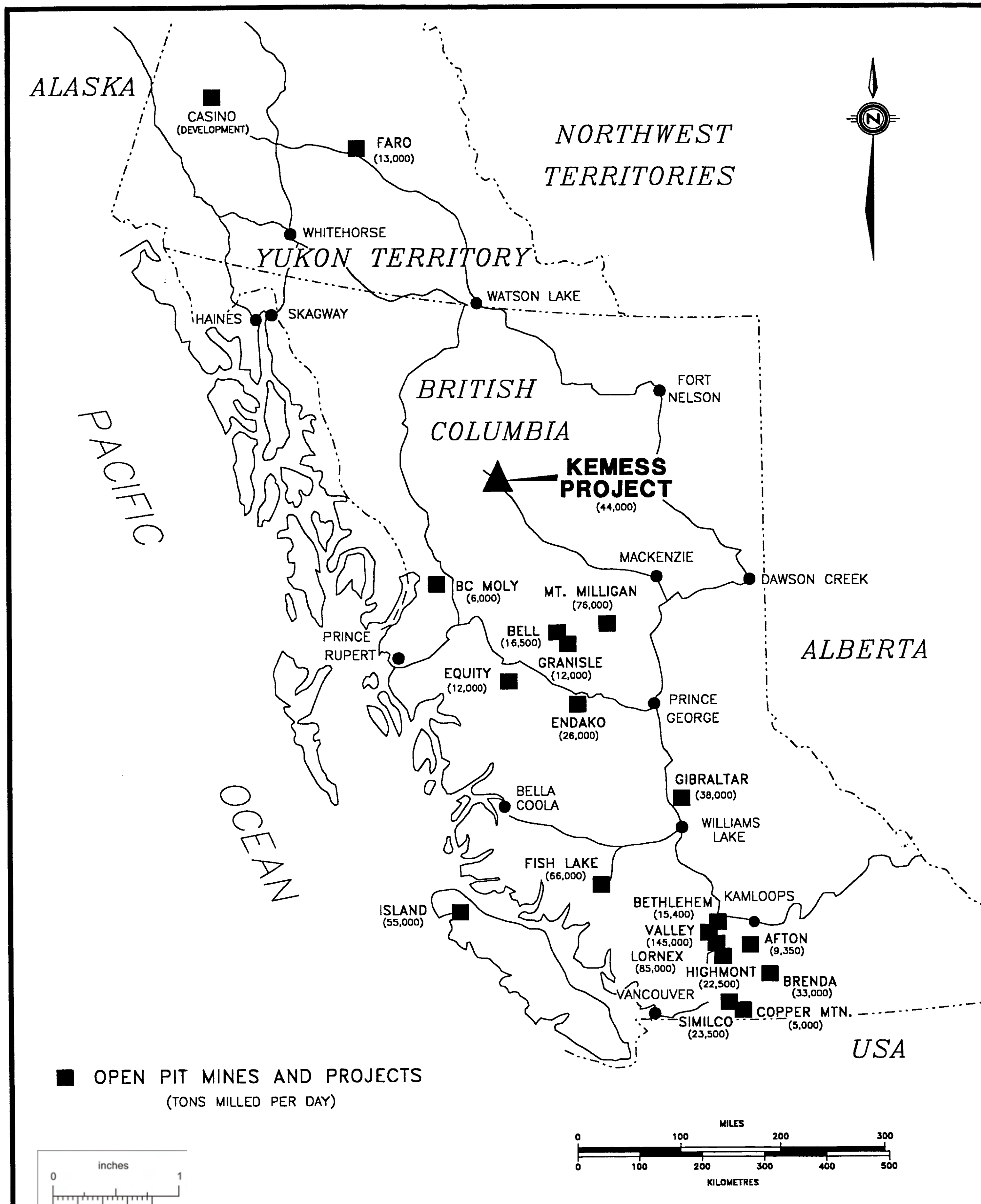
EL CONDOR RESOURCES LTD.

SHARE STRUCTURE

JUNE, 1994

ISSUED SHARES	14,463,903
RESERVED TO ISSUE	40,000
FULLY DILUTED SHARES	14,503,903

EL CONDOR RESOURCES LTD.
SHARE STRUCTURE



EL CONDOR RESOURCES LTD.
BC/YUKON OPEN PIT MINES

PRINCIPAL OPEN PIT MINES IN BRITISH COLUMBIA [1]
RESERVES AT START-UP

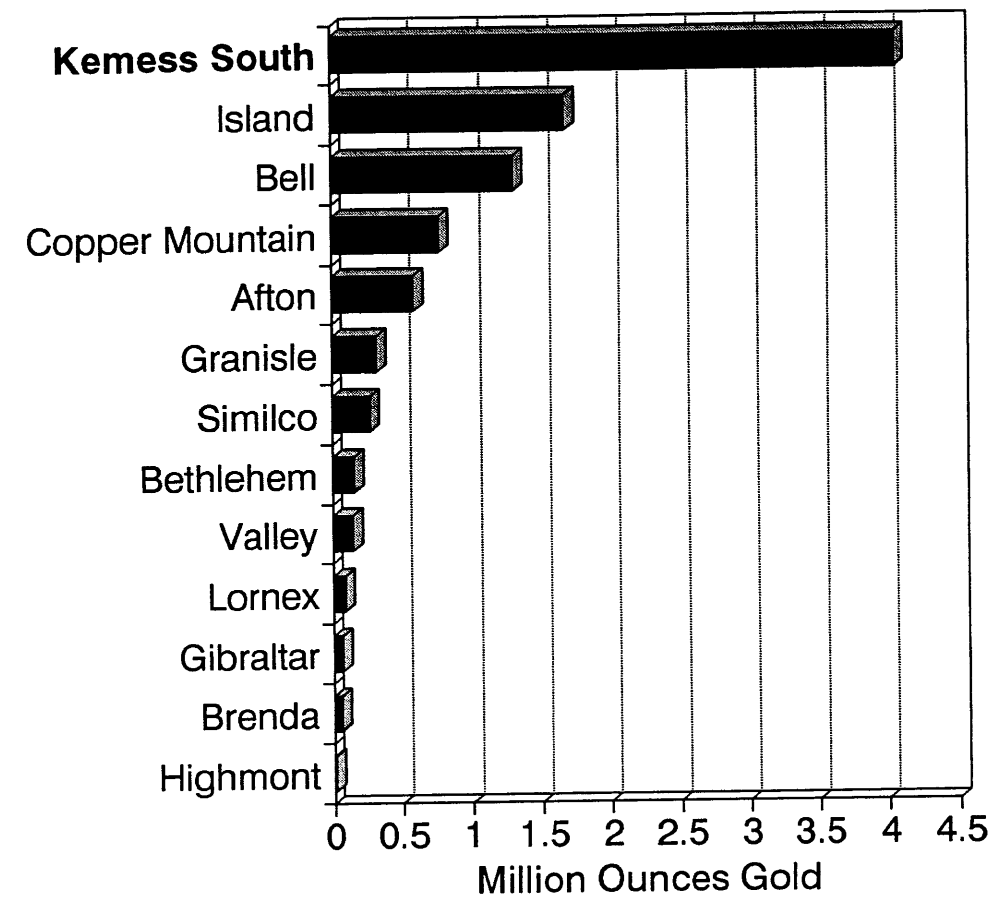
Deposit	Reserve	Grade			Contained Metal		
Name	Million tons	Cu%	Mo%	Au oz/ton	Billion lbs. Cu	Million lbs. Mo	Million oz. Au
Afton	35	1.03	-	0.017	0.7	-	0.6
Bell	128	0.48	-	0.010	1.2	-	1.3
Bethlehem	556	0.42	0.016	-	4.7	178	-
Brenda	175	0.18	0.049	-	0.6	172	-
B.C. Moly	116	-	0.120	-	-	278	-
Copper Mountain	157	0.57	-	0.005	1.8	-	0.8
Endako	256	-	0.081	-	-	414	-
Gibraltar	360	0.37	0.008	-	2.7	58	-
Granisle	94	0.43	-	0.004	0.8	-	0.3
Highmont	149	0.28	0.031	-	0.8	92	-
Island	280	0.52	0.017	0.006	2.9	95	1.7
Lornex	526	0.41	0.015	-	4.3	158	-
Similco	60	0.43	-	0.005	0.5	-	0.3
Valley	872	0.48	0.007	-	8.4	122	-
MEDIAN	**165**	**0.42**	**0.012**	**-**	**1.2**	**92**	**0.0**

KEMESS PROJECT
RESERVES - JUNE 1994

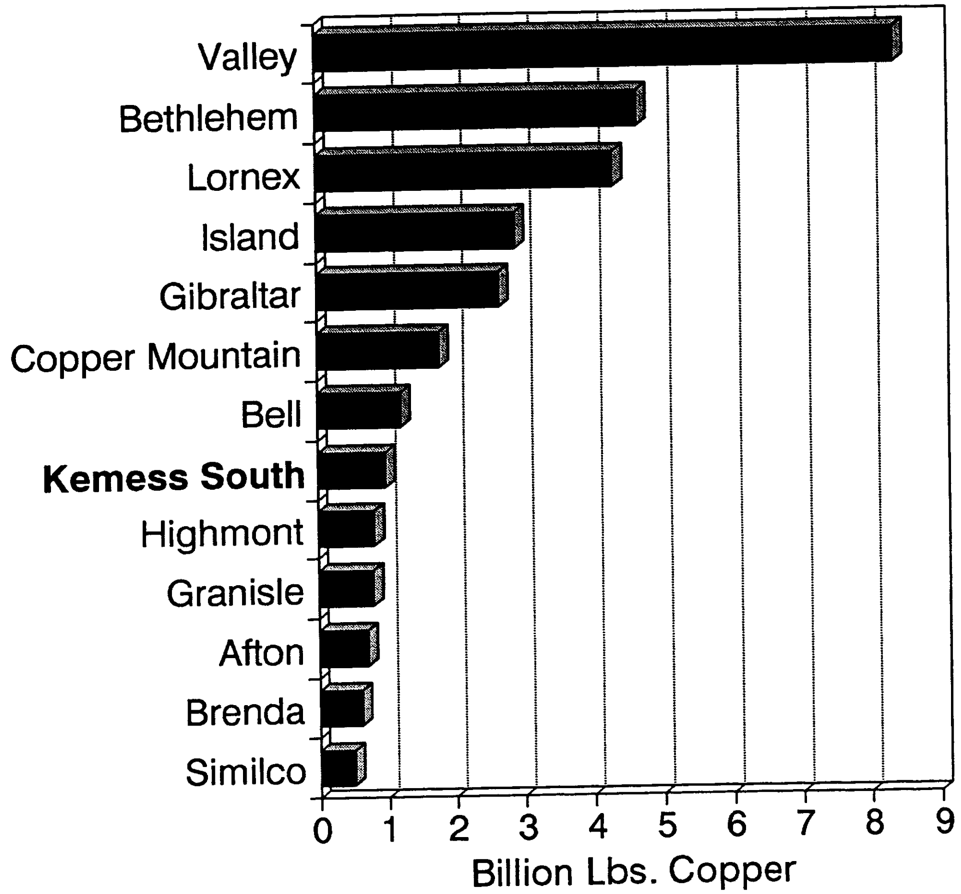
Kemess South (Mineable)	**220**	**0.22**	**-**	**0.018**	**1.0**	**-**	**4.1**

Note 1. Modified and updated after Sinclair, A.J.; Carter, N.C. and Dawson K.M.: A Preliminary Analysis of Gold and Silver Grades of Porphyry-Type Deposits in Western Canada; Precious Metals in the Northern Cordillera; The Association of Exploration Geochemists, 1982.

PRINCIPAL BRITISH COLUMBIA OPEN PIT MINES RANKED BY CONTAINED GOLD



PRINCIPAL BRITISH COLUMBIA OPEN PIT MINES RANKED BY CONTAINED COPPER



EL CONDOR RESOURCES LTD.
B.C. OPEN PIT MINES

CANADA'S TOP 10 GOLD MINES RANKED BY 1991 PRODUCTION

MINE NAME	PRODUCTION (Ounces)
Williams	518,703
Golden Giant	443,400
David Bell	283,128
Campbell	260,521
* **Kemess South**	259,000
Doyon	257,271
Lupin	216,877
Bousquet 2	175,844
Snip	153,402
Dome	144,526
Con	123,000

Source: Northern Miner, July 6, 1992

CANADA'S TOP 10 COPPER MINES RANKED BY 1991 PRODUCTION

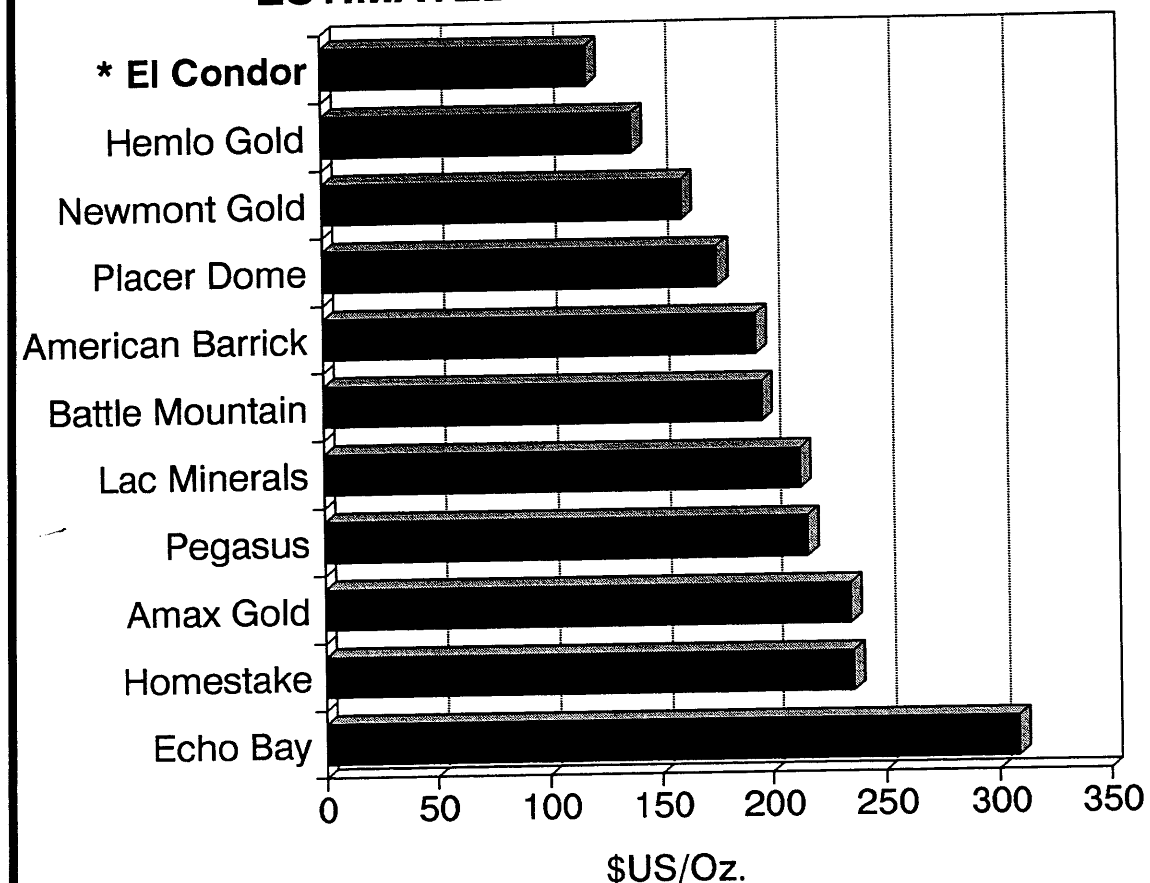
MINE NAME	PRODUCTION (Million Lbs)
Highland Valley	378
Kidd Creek	256
Inco	243
Island Copper	141
Falconbridge	75
Ansil	71
* **Kemess South**	65
Gibraltar	63
Gaspe Copper	55
Flin Flon	44
Selbaie	38

Source: Canadian Mining Journal, April, 1993.

* Shows Kemess South Deposit's Ranking when in production.

EL CONDOR RESOURCES LTD.
CORPORATE INFORMATION

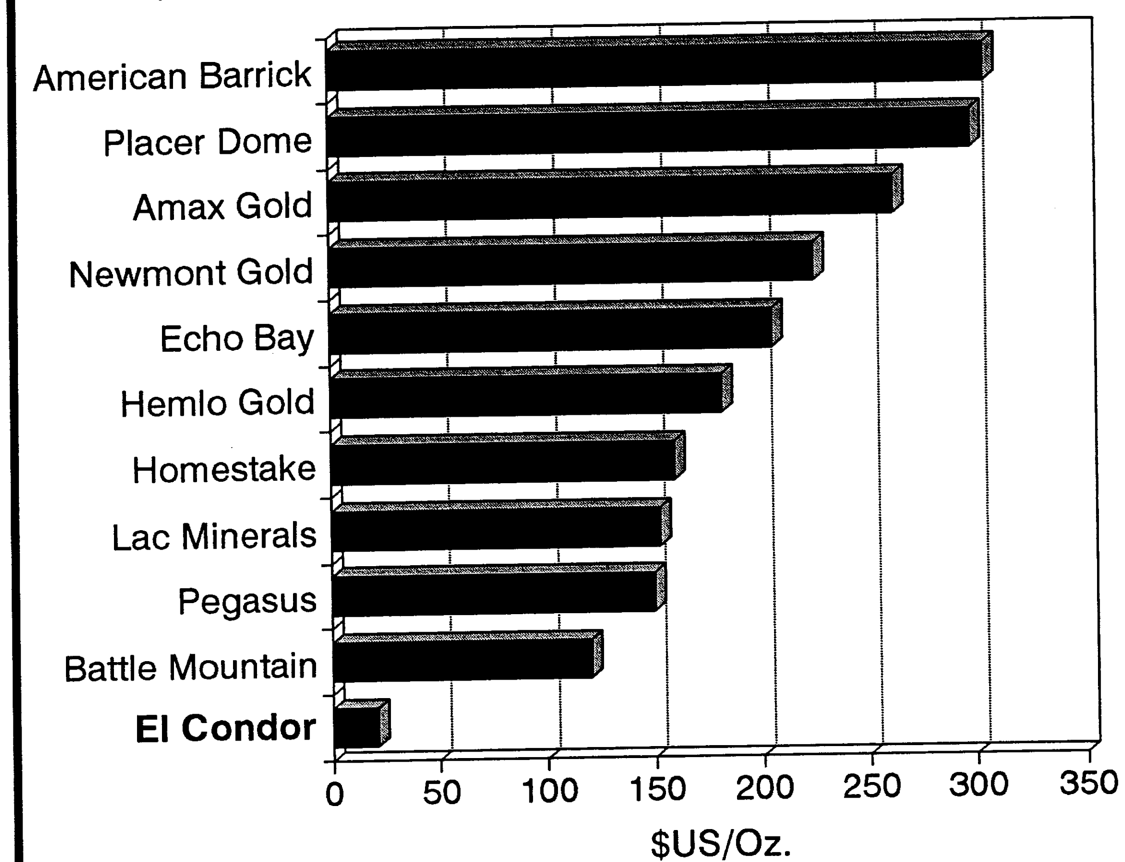
LEADING NORTH AMERICAN GOLD COMPANIES ESTIMATED 1993 CASH COST PER OUNCE



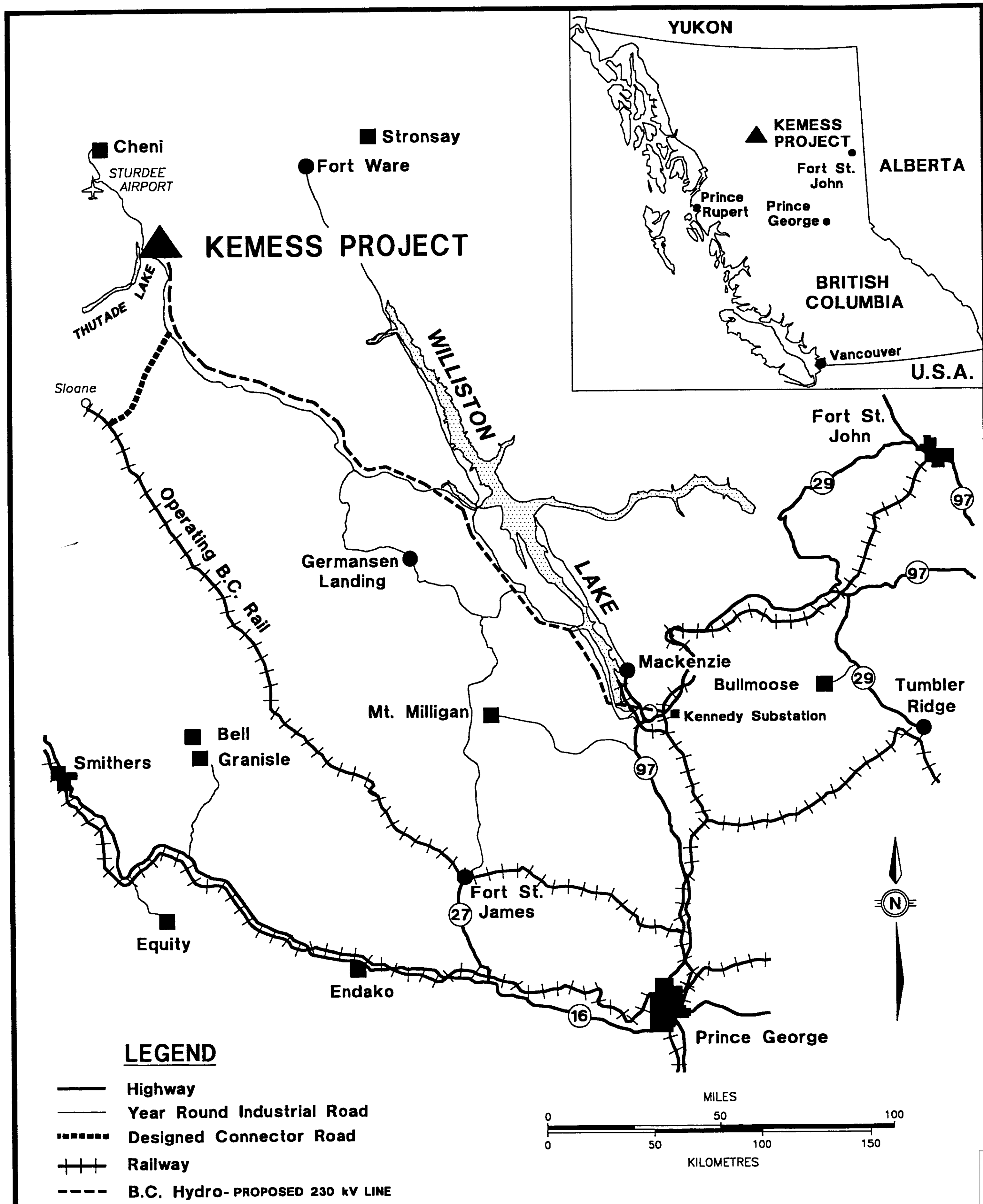
* Shows El Condor's relative ranking net of copper credits when in production.

EL CONDOR RESOURCES LTD.
GOLD COMPANY COMPARISON

LEADING NORTH AMERICAN GOLD COMPANIES ESTIMATED 1993 MARKET CAPITALIZATION PER OUNCE OF RESERVES



EL CONDOR RESOURCES LTD.
GOLD COMPANY COMPARISON



EL CONDOR RESOURCES LTD.
INFRASTRUCTURE

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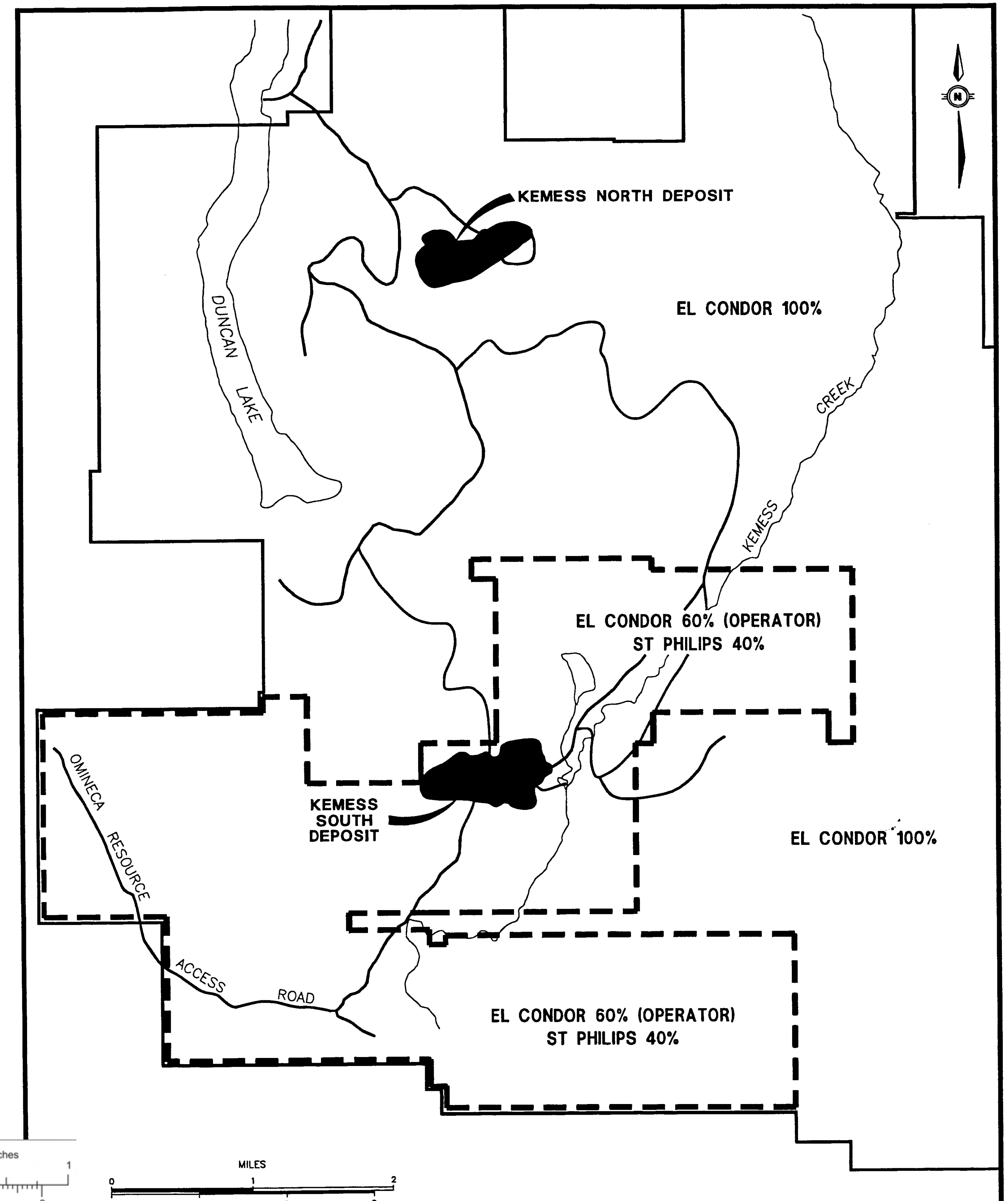
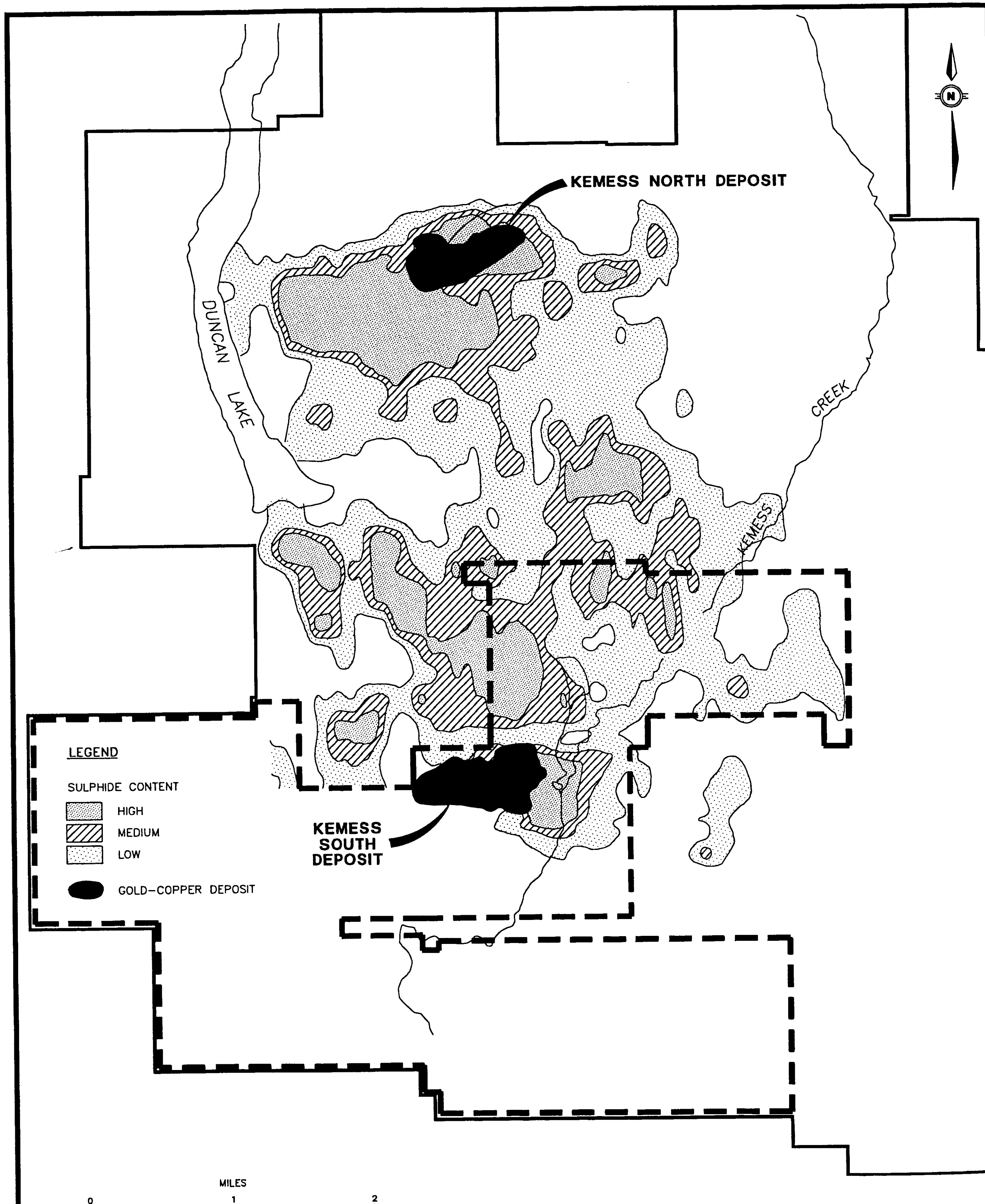
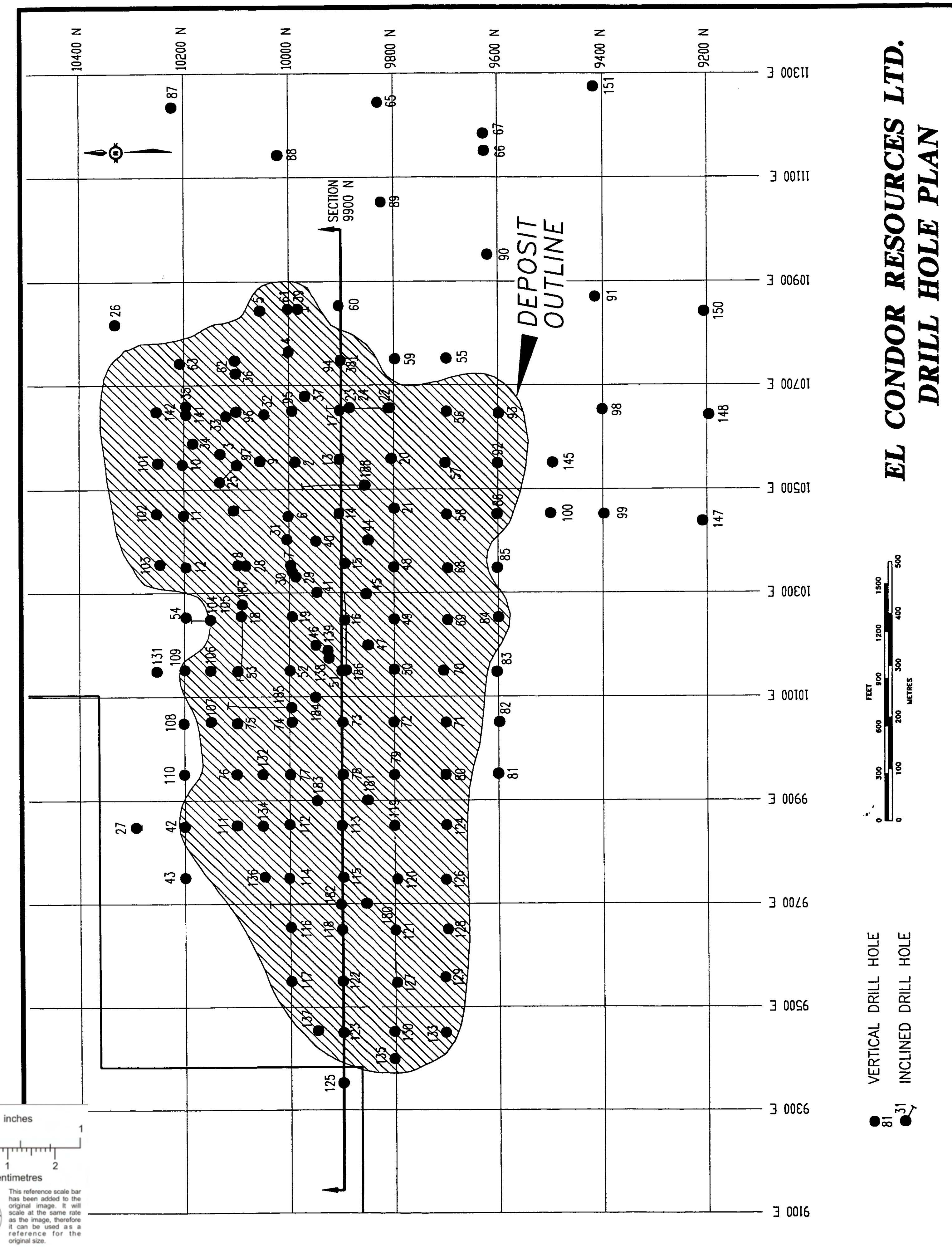
This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.
BRITISH COLUMBIA GEOLOGICAL SURVEY



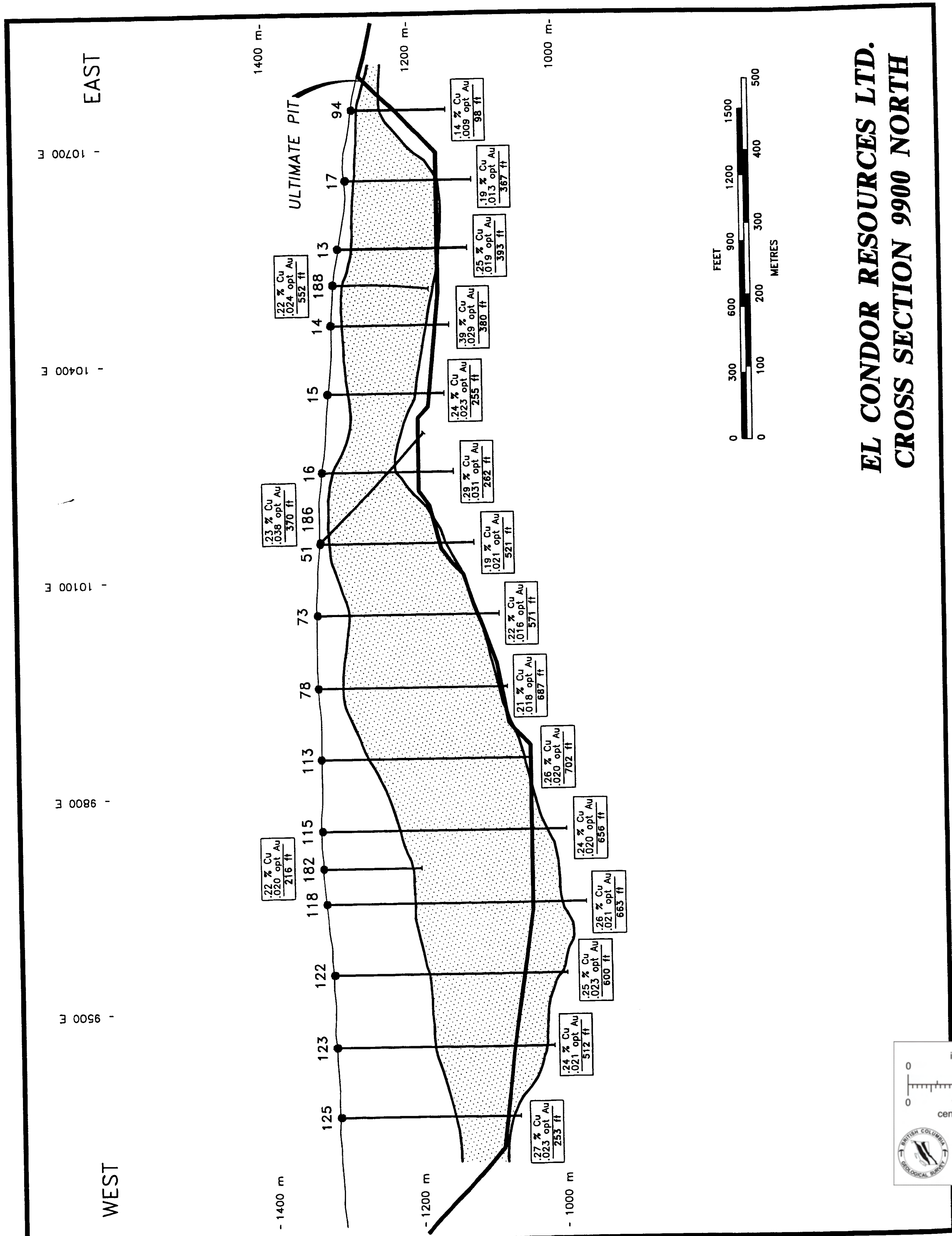
EL CONDOR RESOURCES LTD.
PROJECT CLAIMS



EL CONDOR RESOURCES LTD.
SULPHIDE SYSTEM



EL CONDOR RESOURCES LTD.
DRILL HOLE PLAN



KEMESS SOUTH GOLD-COPPER DEPOSIT

MINE PLAN *

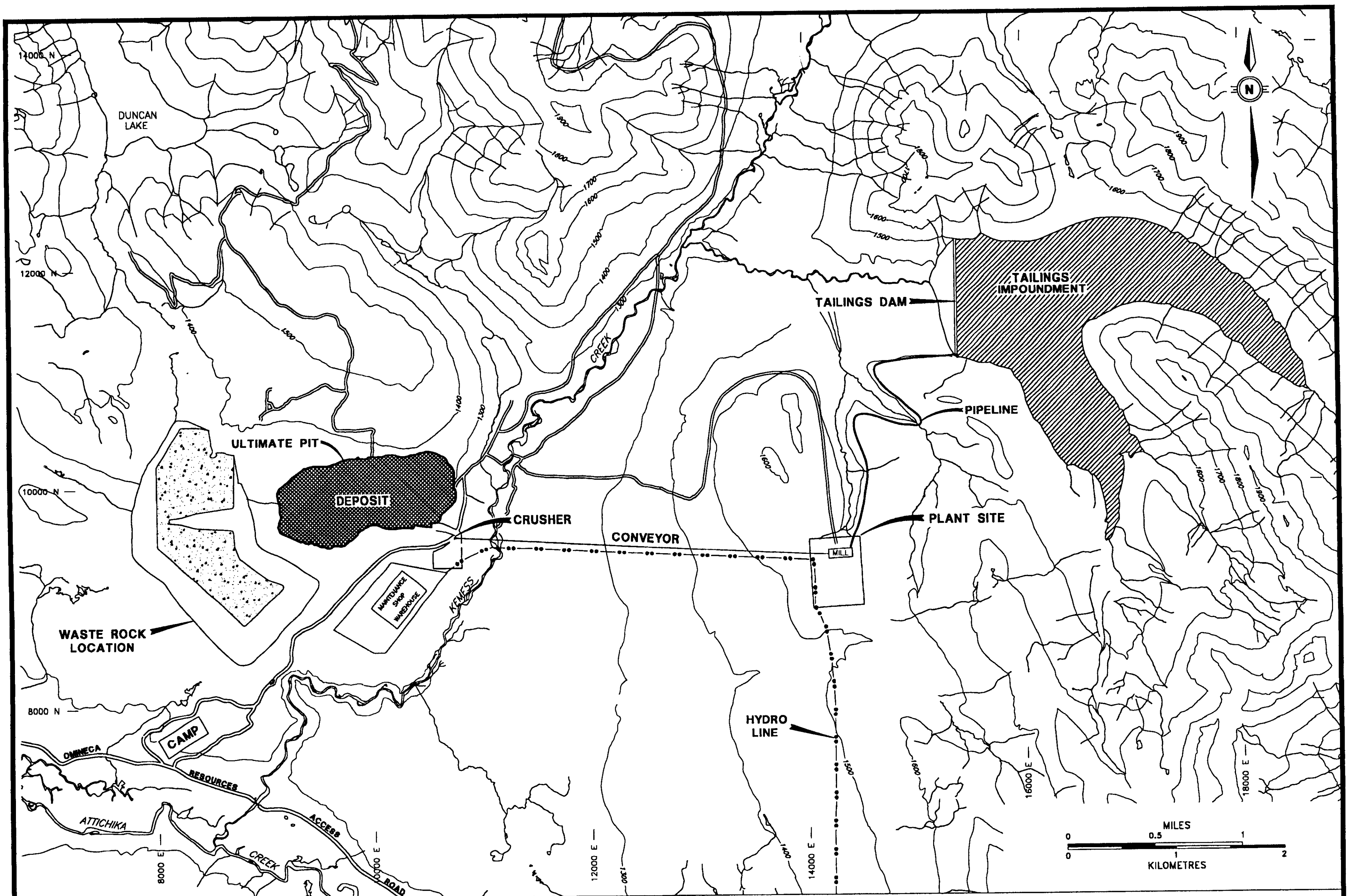
MILLING RATE (tons/day)	44,000
MILLING RATE (tons/year)	14,700,000
MINE LIFE (years)	15
PROJECT CAPITAL COSTS (US$)	280,000,000
WASTE / ORE RATIO	1.19 / 1.0
MINE SITE COSTS (US$/ton)	3.32
PROJECT PAYBACK (years)	3.8

ANNUAL OPERATIONS

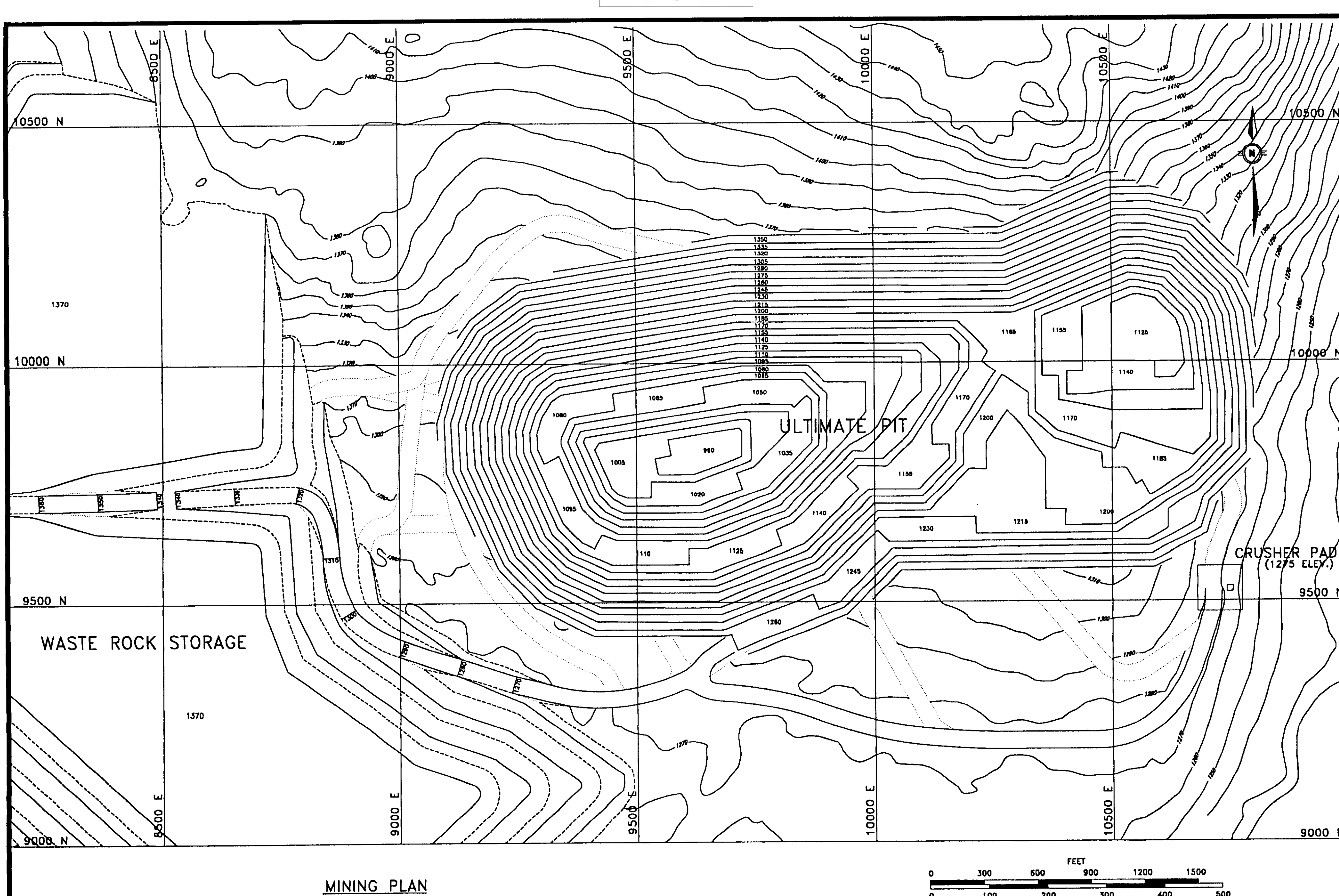
			ANNUAL YEARS 1-6	ANNUAL YEARS 1-15
FEED GRADE	GOLD	(oz/ton)	0.022	0.018
	COPPER	(%)	0.25	0.22
RECOVERY	GOLD	(%)	76	76
	COPPER	(%)	84	85
CONCENTRATE GRADE	GOLD	(oz/ton)	2.1	1.9
	COPPER	(%)	26	25.5
PRODUCTION	GOLD	(000 oz)	259	213
	COPPER	(000 lbs)	65,000	58,000
CASH COST NET OF COPPER REVENUE	GOLD	(US $/oz)	65	119

* AT BASE CASE GOLD = $ US 375/oz
COPPER = $ US 1.00/lb
$ CDN = $ US 0.77

EL CONDOR RESOURCES LTD.
MINE PLAN



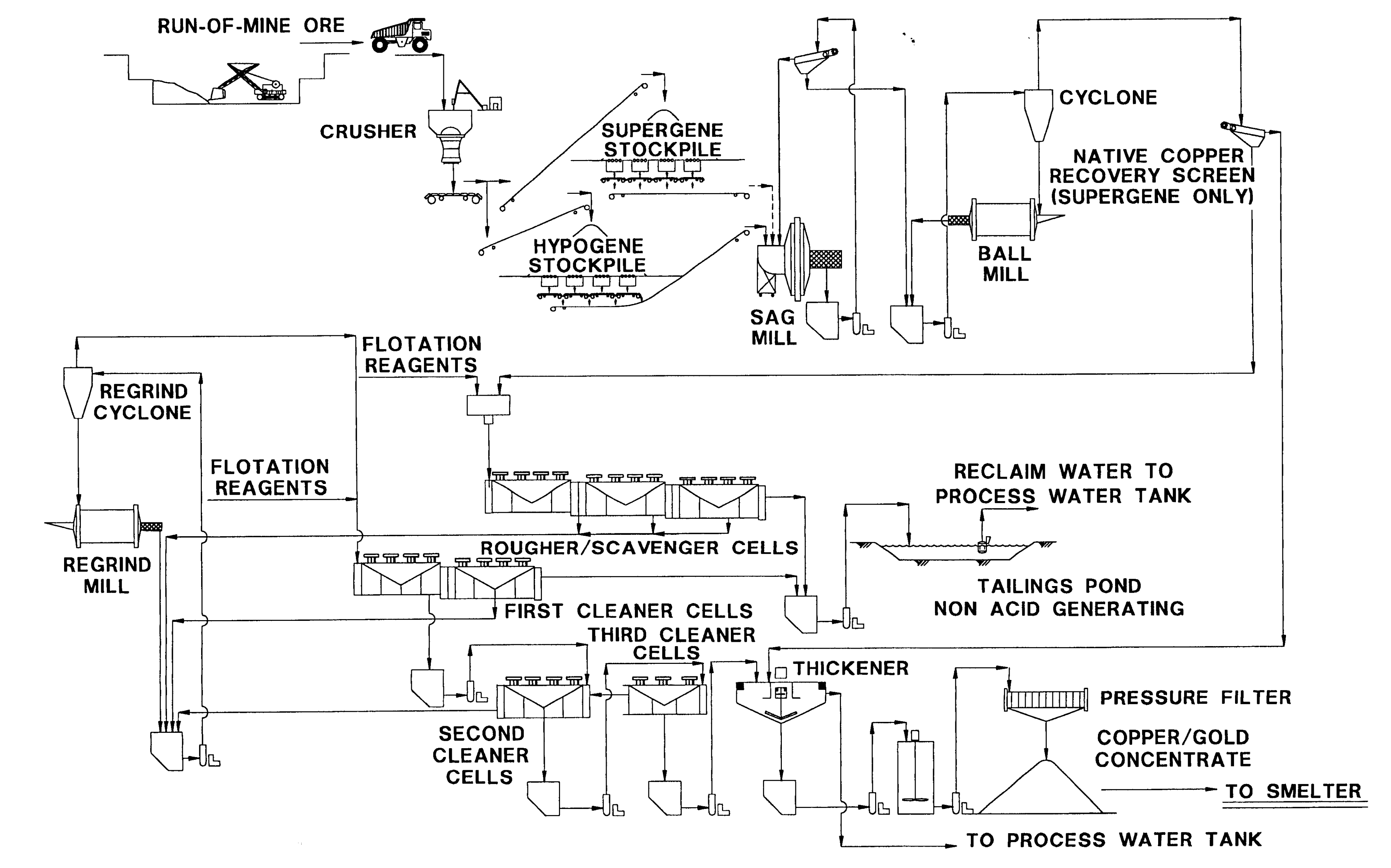
EL CONDOR RESOURCES LTD. PROPOSED SITE LAYOUT



MINING PLAN

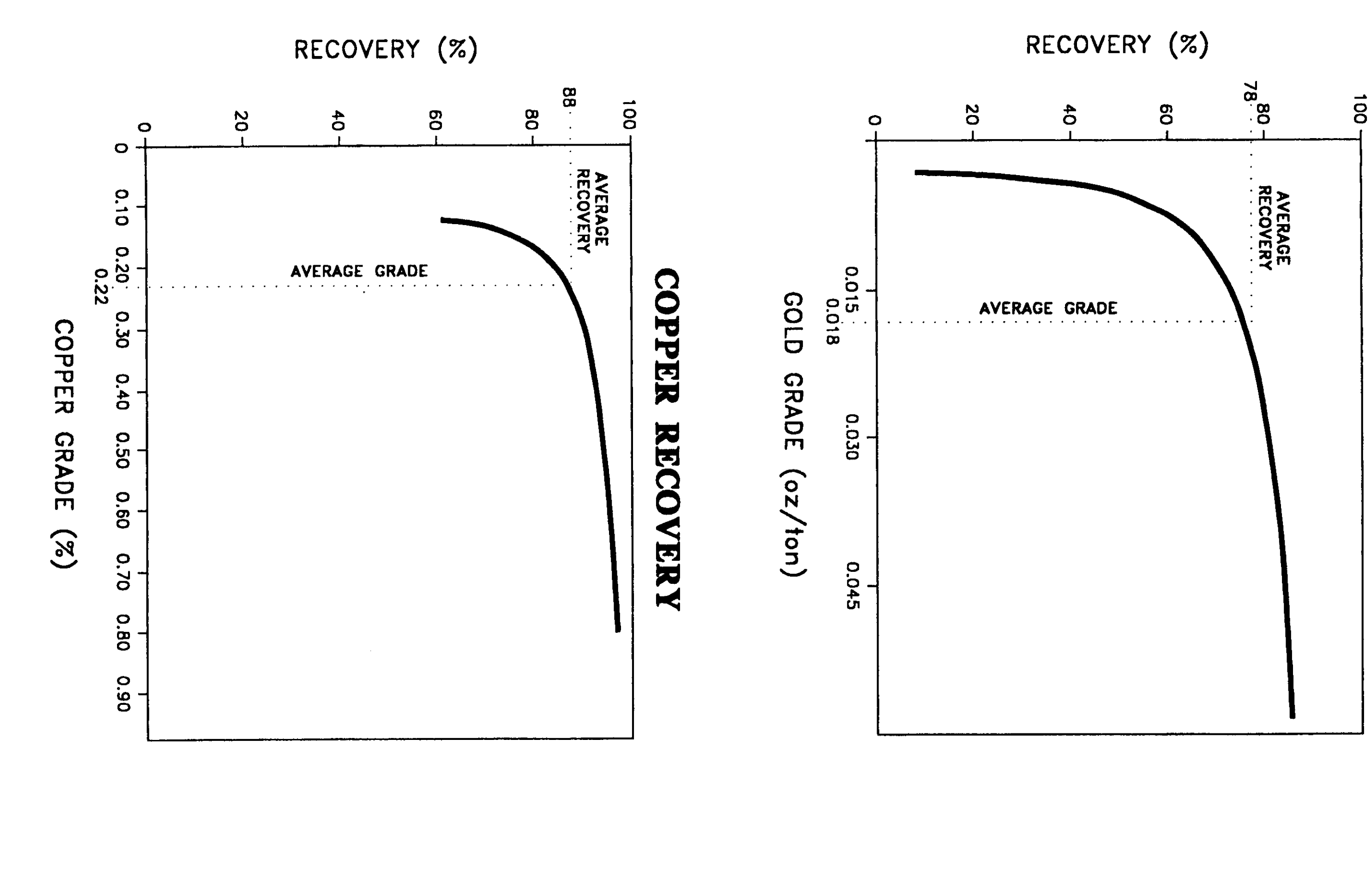
PAYBACK	ULTIMATE PIT
62,127,000 tons – 0.25% Cu	220,900,000 tons – 0.22% Cu
– 0.024 oz/ton Au	– 0.018 oz/ton Au
STRIPPING RATIO – 1.52 : 1.0	STRIPPING RATIO – 1.19 : 1.0

EL CONDOR RESOURCES LTD. OPEN PIT PLAN



EL CONDOR RESOURCES LTD.
PROCESS FLOWSHEET

KEMESS SOUTH GOLD-COPPER PROJECT
METALLURGICAL RECOVERIES
HYPOGENE ZONE



AVERAGE CONCENTRATE GRADE 26 % COPPER / 1.7 oz. GOLD/TON

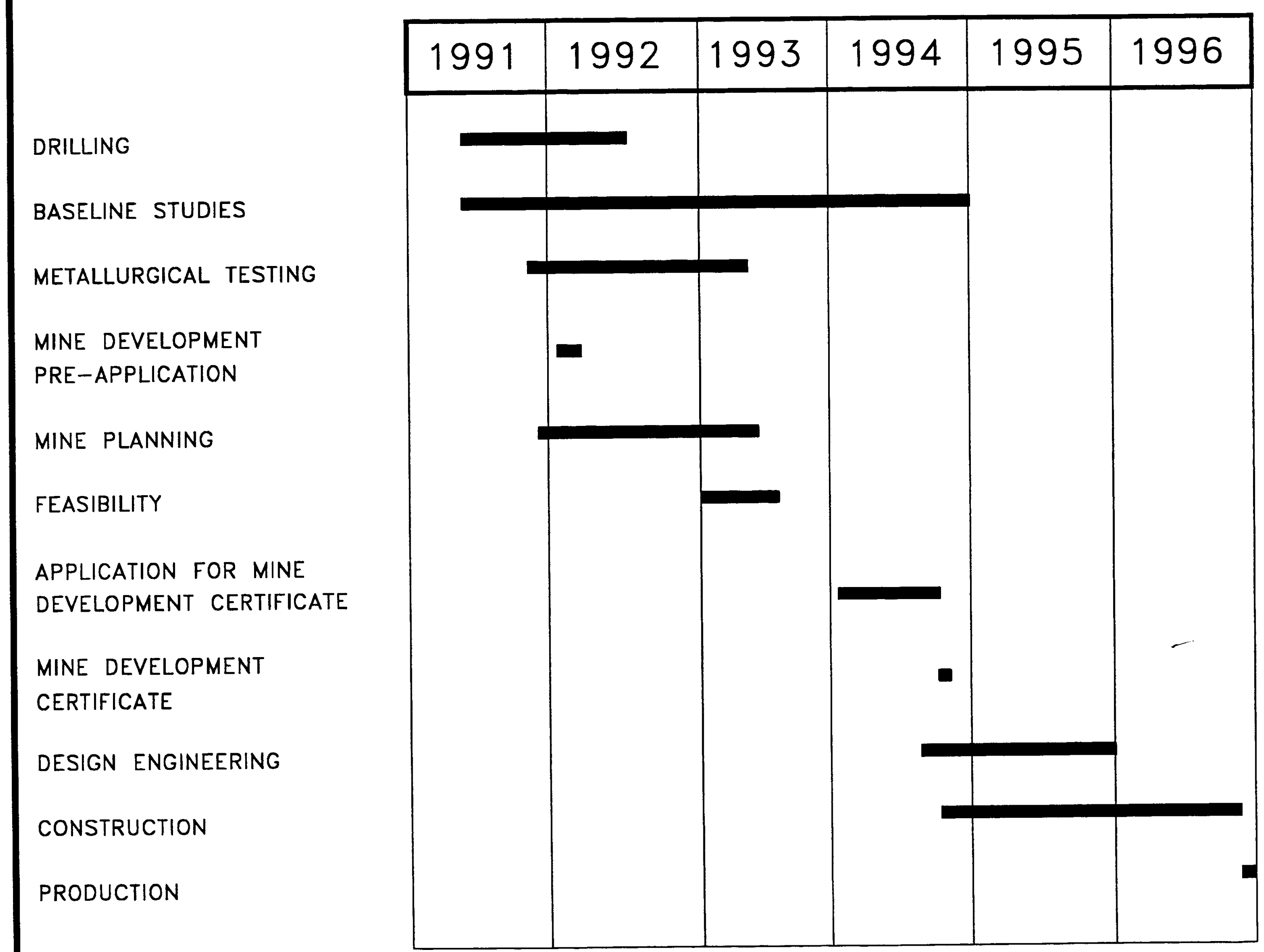
EL CONDOR RESOURCES LTD.
METALLURGY

KEMESS SOUTH PROJECT
MINE DEVELOPMENT ASSESSMENT PROCESS

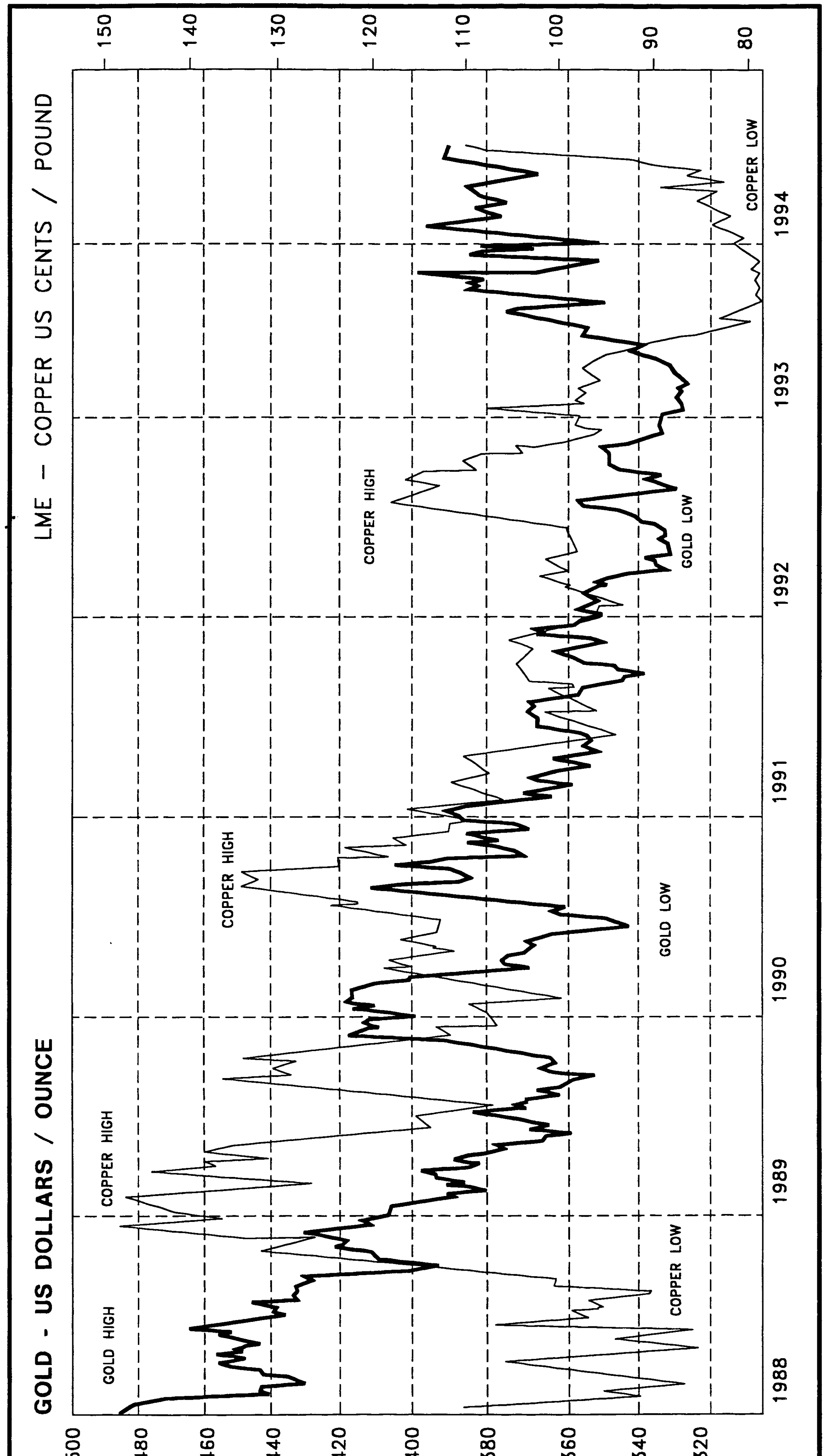
PRE-APPLICATION FOR A MINE DEVELOPMENT CERTIFICATE (PROSPECTUS)	COMPLETED
INITIAL MINE DEVELOPMENT ASSESSMENT BRANCH MANAGEMENT COMMITTEE	COMPLETED
GOVERNMENT REVIEW PUBLIC CONSULTATION	COMPLETED
TERMS-OF-REFERENCE FOR PREPARATION OF AN APPLICATION FOR A MINE DEVELOPMENT CERTIFICATE	COMPLETED
STUDIES ENVIRONMENTAL-FEASIBILITY-SOCIOECONOMIC	COMPLETED
APPLICATION FOR A MINE DEVELOPMENT CERTIFICATE	COMPLETED
GOVERNMENT REVIEW PUBLIC CONSULTATION	IN PROGRESS
MINE DEVELOPMENT ASSESSMENT BRANCH MANAGEMENT COMMITTEE	
MINE DEVELOPMENT CERTIFICATE	

EL CONDOR RESOURCES LTD.
PRODUCTION PERMITTING

KEMESS SOUTH GOLD - COPPER PROJECT



EL CONDOR RESOURCES LTD.
DEVELOPMENT SCHEDULE



EL CONDOR RESOURCES LTD.
METALS PRICE DIVERSIFICATION

OFFICERS

Robert G. Hunter, Chairman
Robert A. Dickinson, President
David J. Copeland, Vice President
Jeffrey R. Mason, Secretary-Treasurer

DIRECTORS

David J. Copeland
Scott D. Cousens
Robert A. Dickinson
Robert G. Hunter
Jeffrey R. Mason
Aziz Shariff
Ronald W. Thiessen

CORPORATE ADDRESS

1020 - 800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V6

ATTORNEYS

Lang Michener Lawrence & Shaw
Barristers & Solicitors
2500 - 595 Burrard Street
Vancouver, British Columbia
Canada V7X 1L1

AUDITORS

DeVisser & Company
Chartered Accountants
201 - 960 Richards Street
Vancouver, British Columbia
Canada V6B 3C1

TRANSFER AGENT

Montreal Trust Company
4th Floor, 510 Burrard Street
Vancouver, British Columbia
Canada V6C 3B9

BANK

Canadian Imperial Bank of Commerce
400 Burrard Street
Vancouver, British Columbia
Canada V6C 3A6

LISTED

NASDAQ (ECNCF)
Vancouver Stock Exchange (ECN)

CAPITALIZATION

Common authorized	100,000,000
Issued	14,463,903
Fully Diluted	14,503,903

FOR FURTHER INFORMATION CONTACT:

Scott D. Cousens, Director of
Corporate Communications
1020 - 800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V6

Telephone: (604) 684-6365
Facsimile: (604) 684-8092
Toll Free: 1-800 667-2114

EL CONDOR RESOURCES LTD.
CORPORATE INFORMATION

Research:

Ideas for Today's Investors

TKOCF ECNCF PSGVF

GOLD–COPPER GIANTS

FISH LAKE PROJECT

12 MILLION Ounces of Gold
4 BILLION Pounds of Copper

TASEKO MINES LIMITED

KEMESS PROJECT

4 MILLION Ounces of Gold
1 BILLION Pounds of Copper

EL CONDOR RESOURCES LTD.

CASINO PROJECT

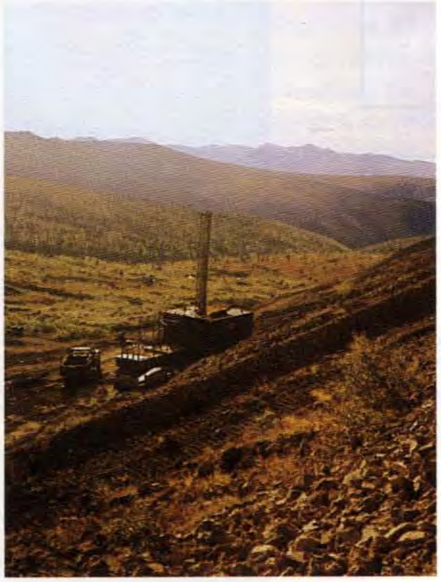
5 MILLION Ounces of Gold
3 BILLION Pounds of Copper

PACIFIC SENTINEL GOLD CORP.

REBUILDING CANADA'S MINERAL RESERVES

Pacific Sentinel's 60-person exploration camp

Taseko's Chief Geologist, Nadia Caira



Drill site at Pacific Sentinel's Casino deposit

With a solid track record of success in the past and a good strategy for the future, the Hunter-Dickinson group manages three gold mining companies that are each poised for explosive growth.

In the gold mining industry, the largest mining companies are always on the lookout for new reserves to replace current production. However, these companies are not always able to find new deposits through exploration, and therefore, they oftentimes have to buy proven reserves from other, smaller companies. While this means that the large mining companies pay a high price for their reserves, it also means that the smaller companies are able to reap enormous rewards by finding and delineating mineable deposits.

The Hunter-Dickinson group of Vancouver, British Columbia, is a highly motivated group of seasoned mining professionals who have an impressive track record of success in developing and then selling gold deposits to large mining companies. Now, Hunter-Dickinson is managing three independent gold mining companies that are each positioned to appeal to the large players in the industry. Each of the three is a NASDAQ-traded company, and each is in a different stage of proving up its gold reserves. With a long-term goal of allowing each

Taseko Mine's core logging shack

of the three companies to be acquired by a large mining company, Hunter-Dickinson expects to earn impressive returns for its own significant interest as well as for each company's public investors.

A TRACK RECORD OF SUCCESS

The individuals who make up the Hunter-Dickinson group have been involved in the gold mining industry for a considerable period of time. Among their various qualifications, the members of the group have had significant direct experience with a type of deposit known as gold and copper porphyry systems, so named because they typically contain large amounts of both metals. Generally, these systems are dome-shaped geological structures that have pushed their way up through the earth's crust to very near the surface.

The Hunter-Dickinson group has been very successful in the past, first in delineating the reserves present in Canadian gold and copper porphyry deposits, and then in selling the deposits through corporate takeovers to large gold mining companies in search of additional mining reserves. In 1988, the Hunter-Dickinson group directed North American Metals Corporation. North American was the object of an unsolicited takeover bid by Homestake at $5, a nice increase for a company that went public at an initial price of $.50 per share. Next, the Hunter-Dickinson group directed Continental Gold Corporation. After going public at $1.10 per share, Continental was bought out by Placer Dome in 1990 for $20 per share.

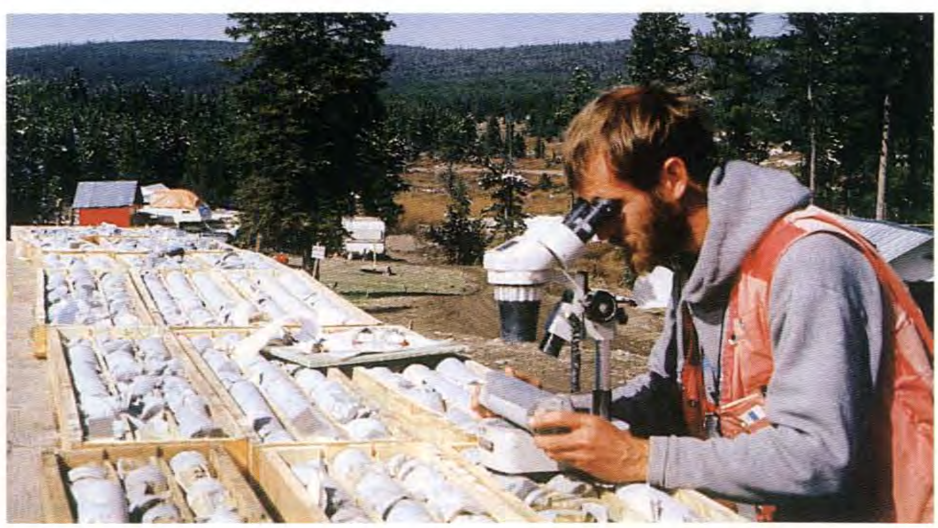
A PROVEN STRATEGY

These success stories demonstrate the effectiveness of the Hunter-Dickinson group's strategy. The group looks for undervalued and/or underexplored projects which, in their expert judgment, have the potential to host more than one million ounces of gold. The acquisition of these properties is usually undertaken at the corporate level and the group is usually able to acquire them at a bargain price. One reason is that in the past, their gold and copper porphyry deposit acquisitions have often been assayed and evaluated strictly for their copper-producing potential, with little attention paid to the gold content.

Once acquired, the group then assumes active management of the company and embarks on an effort to remove the technical risk associated with the project. Depending upon the prior work already done on the property, this means advancing the project beyond the realm of exploration to engineering and financial feasibility. Once management has convinced itself that the requisite gold reserves are present, outside experts are retained to prepare an independent feasibility study.

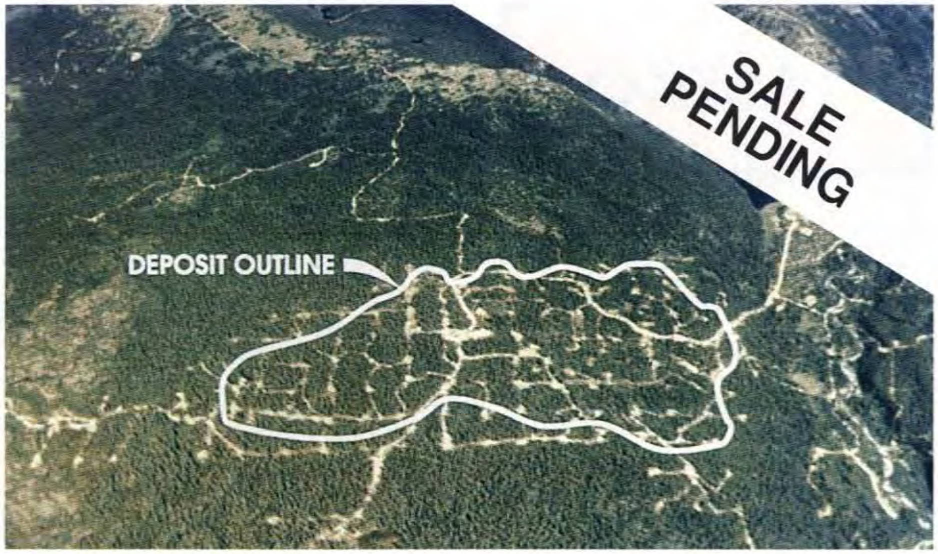
This feasibility study is an important tool used in the final step of the company's strategy. With the study as an objective assessment of the costs and benefits of the particular project, the Hunter-Dickinson group is able to market the company to large gold mining companies that are looking to increase their gold reserves.

Currently, the Hunter-Dickinson group has three independent companies that are in various stages of this process of strategic development.



Forty-two linear miles of drill core were geologically logged and assayed.

EL CONDOR



Deposit outline for Kemess South

EL CONDOR RESOURCES LTD.

Of the three companies, El Condor Resources Ltd. is the furthest advanced in development. El Condor's principal asset is a large mineral claim in north central British Columbia that encompasses approximately 48 square miles of mineral claims. The property includes two known deposits: Kemess North, which is 100 percent owned by El Condor; and Kemess South, which is 60 percent owned.

Kemess South is the primary focus of El Condor's efforts at the current time. This ore body is a continuous, near surface, blanket-shaped deposit measuring 4,600 feet by 2,000 feet, and up to 800 feet thick. The deposit shows excellent grade continuity averaging .23 percent copper and .019 ounces of gold per ton. Total reserves are estimated to be 4 million ounces of gold and 1 billion pounds of copper. Additionally, there are significant silver reserves.

The Kemess property is located 260 miles by road northwest of Mackenzie, British Columbia. The property may seem remote, but is in fact well placed with regard to the various services needed to support an open pit mining operation. Existing roads already serve the property and an airstrip is located 25 miles to the north. A rail line is located only 39 miles to the west and would be used to transport the mine's ore concentrate to deep water ports for shipment to smelters.

Kemess South's low strip ratio and excellent metallurgical characteristics will result in reduced capital cost and lower-than-average operating costs. Additionally, no environmental hurdles are expected for large-scale, open pit mine development.

At a projected milling rate of 44,000 tons per day, the annual output at the Kemess South mine will average 225,000 ounces of gold and 61 million pounds of copper over a mine life in excess of 15 years. These production levels would put Kemess South among the top 10 mines in Canada for both gold and copper production.

The original exploration of the Kemess properties was done in 1966 and 1972 by Kennecott, whose focus was on the property's potential as a copper mine. In 1986, the Hunter-Dickinson group took an option on the claim, and upon visiting the property, was able to locate some of the drill cores from the drilling done in 1972. The group re-assayed the old core samples, this time for gold, and the results indicated a strong likelihood of significant gold reserves. Since then, El Condor has spent more than $8 million on exploration work to prove up the property's reserves.

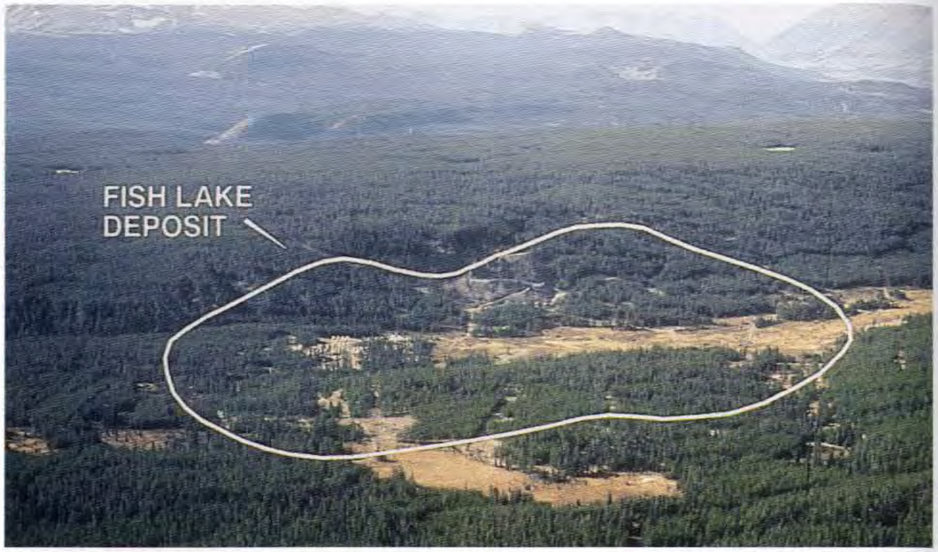
Currently, El Condor's Kemess South property is in an advanced stage of the company's development strategy. Kilborn Engineering Pacific Limited, an internationally respected engineering firm, completed a prefeasibility study on the property in May 1993. The study evaluated and addressed all aspects of the Kemess South Project, including geology, ore reserves, mining, metallurgy, processing, concentrate handling, tailings disposal, infrastructure, ancillary facilities, environmental requirements and project economics. In particular, the study identified and described all aspects of the project and compiled all cost information required to construct and operate the proposed mine so that a detailed economic analysis could be performed.

The Kilborn study is currently being introduced to a select group of growth-oriented, large mining companies that have the production experience and resources to place the property into large-scale production of gold and copper.

Name: El Condor Resources Limited
Stock symbol: ECNCF (NASDAQ)

January 28, 1994–Pegasus Gold Inc. and El Condor Resources Ltd. of Vancouver, Canada announced today that they have reached an agreement in principle to merge. Pegasus will offer C$7.50 (US$5.70) payable in common shares of Pegasus for each common share of El Condor for a total transaction value of C$108 million (US$82.3 million).

TASEKO



Deposit outline for Fish Lake

TASEKO MINES LIMITED

Taseko Mines Limited is only slightly behind El Condor in terms of its development. The company's principal asset is the Fish Lake deposit, located in south central British Columbia. The Hunter-Dickinson group became involved with the company in 1991, at which time Taseko was coming to the end of six years of litigation over the property. The group helped settle the litigation and embarked on a comprehensive test drilling program.

The original exploration work on Fish Lake was conducted first by Bethlehem Copper and then by Cominco. Based on their findings, the property was determined to have mineral reserves of approximately 3.6 million ounces of gold and 1 billion pounds of copper. However, given the structure of the deposit and prevailing market conditions, it was decided that development of the property was not economically feasible.

Since then, additional test drilling has dramatically increased the size of the property's proven mineral reserves. Over 220,000 feet of large diameter core drilling has been conducted at the site and the true extent of the property's wealth has emerged. According to current information, the Fish Lake property has gold reserves of approximately 14.8 million ounces and copper reserves of approximately 5.6 billion pounds. Compared to existing open pit mines in British Columbia, the Fish Lake property is by far the largest gold deposit and ranks third among the province's copper deposits.

The Fish Lake property is well positioned for full-scale development. It is located 100 miles southwest of Williams Lake, British Columbia, in an area where large-scale, open pit mines are the norm. Production at Fish Lake, just as at Kemess South, would use conventional flotation milling to produce a gold-copper concentrate. Industrial roads already connect the Fish Lake property with the province's railroad system. The railroad would be used to transport the concentrate to deep water ports, and smelting would be carried out elsewhere at preexisting facilities.

In May 1993, Taseko announced that Mineral Resources Development Inc. (MRDI) of San Mateo, California, had completed initial mine plan studies for the Fish Lake property as part of an overall conceptual study of the project. They concluded that the project is economically viable and recommended that the project proceed to a detailed prefeasibility stage. Four months later in September, Taseko announced that Kilborn Engineering Pacific Limited had been awarded the contract to complete a detailed prefeasibility study. Kilborn's study is expected to be completed during the first quarter of 1994, at which time Taseko will begin the process of marketing the property to prospective buyers.

Early estimates prepared by MRDI already indicate that the Fish Lake project is very appealing. Based on operating costs developed by MRDI and other consultants, the cash cost to produce one ounce of gold net of copper revenue is projected to be $74.04 for the first 20 years of mining. Over the 30-year-plus potential lifetime of the mining operation, the average cash cost per ounce is expected to be $147.

When the Fish Lake property is in full production, it is expected to produce 229,000 ounces of gold and 96 million pounds of copper per year. The deposit's mineable reserve contains 356 pounds of copper and 1.00 ounce of gold per Taseko common share.

Name: Taseko Mines Limited
Stock symbol: TKOCF (NASDAQ)
Shares outstanding: 12,338,238 (Fully Diluted)
Current price (1/25/94): 9.875
Principal asset: Fish Lake (British Columbia)
Ownership: 100 percent
Stage of development: Prefeasibility
Gold reserves: 12 million ounces mineable
Copper reserves: 4.4 billion pounds mineable reserves
Other reserves: None

PACIFIC SENTINEL

Deposit profile for Casino

PACIFIC SENTINEL GOLD CORP.

Pacific Sentinel Gold Corp. is the least developed of the three companies managed by the Hunter-Dickinson group. Even so, Pacific Sentinel has characteristics that make it a very appealing investment opportunity.

Pacific Sentinel's principal asset is the Casino property, a gold, copper and molybdenum porphyry deposit located in the southern part of the Yukon territory. Originally discovered in the early part of the 20th century, but only recently subjected to comprehensive test drilling, Casino is beginning to emerge as a major mining prospect. Pacific Sentinel acquired 100 percent of the property in 1992 through a merger with its previous owners.

In 1993, the company began exploratory efforts on the property and early results were so good that Pacific Sentinel increased its exploratory budget from $7 million to $10.2 million. Then, in November 1993, Pacific Sentinel announced the preliminary results of its intensive, large diameter test drilling program. With 161,000 feet of drilling completed in 106 test holes, the results are quite impressive: Casino's preliminary reserves are approximately 5.39 million ounces of gold, 3.1 billion pounds of copper and 309 million pounds of molybdenum.

The Casino deposit itself currently measures approximately 4,200 feet north-south, 2,600 feet east-west, and averages 1,160 feet thick. These dimensions remain open to expansion on the west and the north as further drilling is completed. Due to the exceptional results, Pacific Sentinel is accelerating its engineering, environmental and permitting programs for large-scale, open pit mine development.

The Casino deposit has some appealing geological characteristics that will make it particularly attractive to large mining companies looking to increase their mineral reserves. Overburden only 26 feet thick overlies a gold-bearing oxidized and leached zone which averages 212 feet thick. Beneath this is a high-grade supergene blanket averaging 182 feet thick, followed by a primary copper-gold-molybdenum mineralized hypogene zone averaging 766 feet thick.

According to assays of the test drilling cores, the leached zone contains significant gold and is accessible at a very low strip ratio. In fact, the leached zone itself is comparable in size and grade to many currently operating gold mines. As a result, early production may be achievable at a low capital cost.

Additionally, the supergene zone provides high-grade mineralization for mining in the early years of the mine's more than 30-year estimated life. This will allow for a rapid payback of the costs associated with putting the property into production.

Pacific Sentinel will resume its test drilling at the Casino property in early spring of 1994, and is working to bring the property to the prefeasibility stage as quickly as possible. Additional drilling will focus on determining the overall size of the deposit, particularly to the north and the west. Even so, at the current levels of preliminary reserves, the property contains 0.25 ounces of gold, 142 pounds of copper and 14 pounds of molybdenum for each Pacific Sentinel common share outstanding.

Name: Pacific Sentinel Gold Corp.
Stock symbol: PSGVF (NASDAQ)
Shares outstanding: 21,918,062 (Fully Diluted)
Current price (1/25/94): 3.00
Principal asset: Casino (Yukon)
Ownership: 100 percent
Stage of development: Deposit delineation
Gold reserves: 5.39 million ounces (Preliminary mineral reserve)
Copper reserves: 3.1 billion pounds (Preliminary mineral reserve)
Other reserves: 309 million pounds molybdenum (Preliminary mineral reserve)