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ST. PHILIPS RESOURCES INC.

[SPP-V,T] 11,342,475 SHS.

CORPORATE UPDATE - John Ivany, president, St. Philips Resources Inc.'s shares have begun trading on The Toronto Stock Exchange.

The company owns an undivided 40% interest in the South Kemess project, a large gold and copper deposit located 300 km north of the town of McKenzie, B.C. The operator and 60% owner of the South Kemess Project is EL CONDOR RESOURCES LTD. [ECN-V]. A pre-feasibility study on the project has been completed and current work is directed towards satisfying the requirements to obtain a Mine Development Certificate.

At the end of the third quarter St. Philips had net current assets of \$1,500,000 and no debt. The company has sufficient cash on hand to meet all of its currently budgeted obligations. In the nine-month period ended 30Sept94, St. Philips spent \$690,000 as its share of ongoing expenditures on the South Kemess project. The company has no other assets and is not engaged in any business other than participating as a 40% joint venture partner in the South Kemess project.

During the third quarter St. Philips was informed by El Condor that Government agencies, in response to the "Application for Mine Development Certificate" and the addendum to the application report titled "Response to Reviewers' Information Requests", outline two main areas along with minor other areas where additional information was required to complete the Application for Mine Development Certificate review. The two key areas requiring additional information are for fisheries (the Federal Department of Fisheries and Oceans [DFO]) and the Provincial Ministry of Environment Lands and Parks) and waste characterization/water quality for the Ministry of Energy and Mines and Petroleum Resources (MEMPR). Work is proceeding towards meeting all these requirements.

The final terms of reference for advanced fisheries investigations were tentatively agreed to with the DFO and MEMPR. Field work for all fisheries programs have been completed. The two primary focuses for the programs were to 1) provide a detailed qualification of fisheries habitat expected to be impacted due to mine development and 2) define the seasonal adult bull trout use of potentially impacted creeks in the project area and to put these findings into regional perspective. Furthermore, potential fish habitat replacement options for the reclamation plan were formulated for discussion with these regulatory groups.

An acceptable reclamation plan is one of the requirements to be submitted for approval when applying for the Mine Development Certificate. A detailed reclamation plan has been formulated and an application plan report has been drafted for finalizing and predicting the water quality run off from open pit walls, low grade stockpiles, and the tailings system.

Sloan connector road field work, which is comprised of preliminary engineering and a surveyed cut centre line alignment from kilometre 0 to 41, was completed during the quarter. Likewise

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field work for the power line study (including alignment, timber values, and land assessment) was completed for inclusion in a report detailing the routing of the transmission line. Geotechnical reports were updated for minor refinements to tailing storage, design, and cost estimates.

Open houses to explain the Kemess South project were held at Ingenika and Fort Ware during the quarter and an ethnographic investigation was initiated to assess the Kemess South Project's impact on the Fort Ware, Tsay Keh Dene and Takla Lake Indian Bands' cultural and sustenance activities in the region.

St. Philips has been advised El Condor has hired a financial agent to market either their company or their interest in the project. It is the understanding of St. Philip management there have been several potential buyers who have reviewed the available data and who may be considering making an offer. As it is understand some of the potential buyers may be interested in acquiring 100% of the project, it is conceivable St. Philips may be approached, although to date the company has had no discussions with any such potential purchasers. (SEE GCNL NO.152, 10Aug94, P.5 FOR OTHER CORPORATE INFORMATION)

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