

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

George Cross News Letter

"Reliable Reporting"
WESTERN CANADIAN INVESTMENTS

AND PETROLEUM RESOURCES

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$315.00 PER YEAR

LIBRARY

NO. 21 (1994)
FEBRUARY 1, 1994

NO. 21 (1994)
FEBRUARY 1, 1994

PEGASUS GOLD INC. [PGU-T.M.AMEX]

EL CONDOR RESOURCES LTD.

[ECN-V; ECNCF-NASDAQ]

14,394,903 shs.

MERGER PROPOSED - Robert A. Dickinson, president, reports El Condor Resources Ltd., and Pegasus Gold Inc. have agreed in principle to merge. Pegasus will offer CDN \$7.50 payable in common shares of Pegasus for each common share of El Condor for a total transaction value of CDN \$108,000,000.

El Condor's principal asset is its 60% interest in the Kemess South gold/copper deposit in north-central B.C. The remaining 40% of Kemess South is held by ST. PHILIPS RESOURCES INC. [SPP-V] of Vancouver. El Condor is the project operator. A prefeasibility study conducted in 1993 by Kilborn Engineering Pacific Ltd. calculated a minable reserve of 220,900,000 tons at an average grade of 0.018 oz. gold/ton (4,000,000 contained ounces) and 0.22% copper with a life-of-mine stripping ratio of 1.26:1. The study envisaged a milling operation of 44,000 tons per day to produce an average of 213,000 ounces of gold and 58,000,000 pounds of copper annually of a 15-year mine life. Metallurgical studies conducted to-date show average recoveries of 78.2% for gold and 88.3% for copper from hypogene ore and 70.2% gold and 70.1% for copper from supergene ore. Total capital costs, including working capital, are estimated at CDN \$374,000,000. Permitting of Kemess South for mine development is well advanced.

El Condor also owns 100% of the Kemess North deposit located about four miles north of Kemess South. This deposit contains a drill indicated resource of 190,700,000 tons at an average grade of 0.01 oz. gold/ton (1,900,000 contained ounces) and 0.18% copper and is open to expansion. In addition, the company has a land package of about 30,000 acres in the area adjacent to the two deposits.

The agreement is subject to further due diligence by Pegasus, a definitive agreement and approval by El Condor's shareholders. (SEE GCNL NO.248, 29DEC93, P.1 FOR PREVIOUS PROJECT DATA)

94E21