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George Cross News Letter

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EL CONDOR RESOURCES LTD.

[ECN-V] 14,403,903 shs.

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

PEGASUS PULLS OUT - Robert G. Hunter, chairman of El Condor Resources Ltd., 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 the Pegasus shares are trading at prices below CDN \$25.50, which was the bottom of the share price range contemplated for the merger to complete, and Pegasus concluded the Kemess South project in the Toodoggone area of B.C. does not meet its investment criteria. The criteria were not disclosed to El Condor.

Of note for El Condor shareholders, the results of the Pegasus operating team's extensive due diligence program compare with the pre-feasibility mine model completed by Kilborn Engineering Ltd. for El Condor as announced on 19Jul93. Pegasus' life of mine, cash cost of gold production (net of by-product credits) of US \$119/oz matches with Kilborn's US \$119/oz. Similarly, a project after-tax rate of return of 14.13% determined by Pegasus compares with Kilborn's 14.83%. El Condor's management believes the Kemess South deposit is a world class mine project with strong economics.

Kilborn's mine model assumed US \$375/oz gold; US\$1.00/lb copper; a US 77¢ to CDN \$1.00 exchange rate; and a two-year start to production. Pegasus' mine model assumed US \$400/oz gold; US\$ 90¢/lb copper; a US 72¢ to CDN \$1 exchange rate; and a four-year start to production. Kilborn estimated a US \$280,000,000 cost for project construction while Pegasus estimated US \$288,000,000. 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 overleaf P.1. Pegasus, as part of its 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 from Pegasus' nine-hole confirmation drill program are tabled overleaf P.1.

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 B.C., at the highest levels, confirmed its support for development of the Kemess South project.

Although Pegasus decided not to proceed with the merger proposal, results from their due diligence, conducted by their senior personnel, essentially agree with the results of the Kilborn Study. Furthermore, management's view is that Pegasus' work has added value to the project by advancing the engineering status. The project is currently ElCondor 60% / ST PHILIPS RESOURCES INC. 40%. (SEE GCNL 78, 25Apr94, P.4 FOR PREVIOUS DATA)

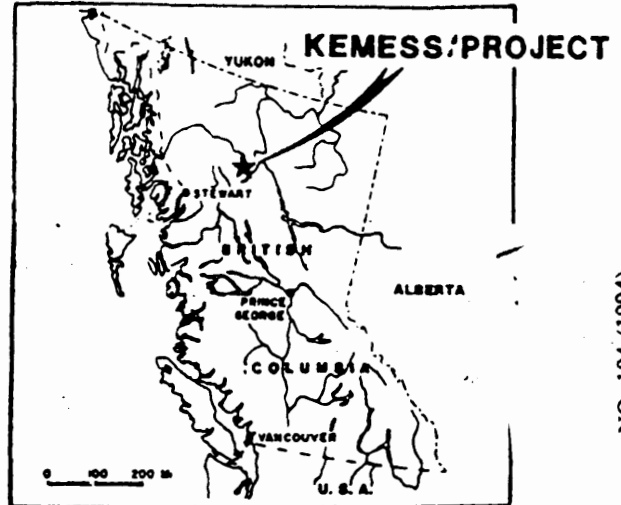
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MINE MODEL COMPARISON

	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)	4,058,839	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	287,560
Gold-Life of Mine (ozs)	213,000	223,170
Copper-Year 1 to 6 (lbs)	59,000,000	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 (%)	19.83	20.42
After Tax (%)	14.83	14.13



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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	384	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

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