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NO.89(1990)
MAY 8, 1990

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CATHEDRAL GOLD CORP. (CAT-T)

PORCHER ISLAND UPDATE - Pierre B. Lebel, president, reports Cathedral Gold Corp. has completed a \$700,000 underground development program at the 100%-owned Porcher Island property located 40 km SW of Prince Rupert, B.C. Work included a 49 degree raise extending 360 feet between the 1110 and 1015 level adits, and a 370-foot mid-level drift. The aim of the program was to test the No.4 vein previously defined in the AT zone by surface diamond drilling. Bulk sampling of 1,464 tons over a mining width of 4.9 feet produced a weighted average grade of 0.17 oz.gold/ton and chip sampling of 100 faces returned an average weighted grade of 0.33 oz.gold/ton over an average width of 4.5 feet.

The program was successful in identifying high grade sections, the best one grading 0.57 oz.gold/ton over the last 60 feet of the east mid-level drift and which terminated in ore. The total content and geometry of this ore shoot has yet to be defined. Gold mineralization at Porcher occurs within pyritic subvertical quartz veins. The veins occupy shear zones within the intrusive material and gold values have been located in the AT, Slope, Edge and Alder zones. Geological reserves on the AT zone are 1,500,000 tons grading 0.20 oz.gold/ton.

The underground test of the No.4 vein suggests that additional underground development and infill drilling will be required to outline ore blocks for mining purposes. The company is seeking to finance this additional work through an option/joint venture arrangement and is in the process of re-evaluating all of the property's other promising zones and showings. The 3,700-acre property extends to tidewater and is accessible year round by boat, float plane or helicopter. (SEE GCNL No.75, 18Apr90, P.2 FOR OTHER PROJECT INFORMATION)

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WESTERN CANADIA

INTERIM FINANCIALS - Hugh C. Morris, chairman.
Cathedral Gold, reports lower gold prices and a stronger Canadian dollar during the nine months resulted in a drop from C\$555 to C\$445 in prices

received. At the Sterling mine near Beatty, Nevada, the Beatty pit was mined out during August and production is now 100% from underground. Surface drilling to the south of the Main zone encountered no mineralization and a second drill road on the western side of the orebody was driven to the top of a siltstone outcrop 2,000 feet south of known reserves where drilling is underway.

At the 100%-owned Porcher Island property on the NW coast of B.C., an underground exploration program is underway to test the main gold-bearing No. 4 vein within the AI zone. A 360-foot long raise connecting the existing 1110 and 1015 level adits was completed shortly after the end of the quarter. The No. 4 vein structure was strong throughout the length of the raise with minimal pinching and swelling and no significant changes in direction. A 370-foot mid-level drift will now be developed along the horizontal axis of the No. 4 vein. An extensive sampling program from the raise and mid-level drift will be done to establish grade and continuity. (SEE GCNL No. 187, 28Sep89, P.1 FOR OTHER DATA) Reserves from surface to just below the 1015 level are 623,000 tons grading 0.2 oz.gold/ton at a 15% dilution with high grade assays cut to 1.5 oz.gold/ton. Total AI zone reserves are 1,500,000 tons grading 0.2 oz.gold/ton. This zone has been drilled along 1,000 feet of strike length and to a depth of 1,800 feet. It is still open along strike and to depth. B.C. Hydro is installing permanent electrical services to the island, which is about one hour by ferry to the sea port of Prince Rupert. (SEE GCNL No. 229, 178 & 174 FOR RECENT BRONSON CREEK PROJECT INFORMATION)

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CATHEDRAL GOLD CORPORATION (CAT-T)

CATHEDRAL GOLD CORPORATION MOBILIZES UNDERGROUND PROGRAM AT PORCHER ISLAND FOR - Pierre B. Lebel, president, reports mobilization started this week an underground exploration and development program at Cathedral Gold Corporation's 100% owned Porcher Island property. Mining equipment will be barged from Prince Rupert, B.C. and a second camp will be established at a water near the 1015 adit portal. Work will include a 360 foot long raise connecting existing 1110 and 1015 level adits and development of 70 foot drift between these levels. This program will hit the main gold bearing No.4 vein within the AT zone under live mining conditions. Reserves from surface to 100 feet below the 1015 level are well defined and are presently estimated at 623,000 tons grading 0.20 oz.gold/ton to 1.50 oz.gold/t and an assumed mining dilution of 1.5. Total AT zone reserves, are 1,500,000 tons grading 0.20 oz.gold/t. This zone has been drilled along 1,000

feet of strike length to a depth of 1,800 feet. It is open for extension along strike and at depth.

The underground program will be carried out from the 3,000 foot long 1015 adit which is tracked. In 1981, the 1015 adit was extended 600 feet into what is now defined as the AT zone. Chip sampling on the No.4 vein in this extension averaged 0.33 oz.gold/t over a length of 165 feet and across a true width of 4.7 feet. Previous mining operations on the property were mainly carried out from the 110 adit, some 280 ft above the 1015 adit extension, from where the No.4 vein was stoped to surface. The program will take about 3 months to complete.

Records from previous mining activity during the 1930's and the company's own studies have shown that gold recoveries will exceed 95% from a simple pyrite concentrate. Tests to date indicate that tailings will not be acid generating. The project is within sight of Prince Rupert and is on the Prince Rupert-Sandspit Ferry route. Water travel time from Prince Rupert to Porcher Island would be about 1 hour. B.C. Hydro is presently installing permanent electrical services to the island. All underground workings developed during previous mining operations are standing clean and are in their original condition.

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