

Cathedral

GOLD CORPORATION

1035 017

PORCHER ISLAND



Commodity: Gold

Ownership: 100% Cathedral Gold Corporation

Operator: Cathedral Gold Corporation

Reserves: 1,523,000 tons @ 0.20 opt

Contained Ounces: 304,000 oz gold

Capital Cost: Estimated \$22,000,000

Proposed Mining Method: Underground blasthole and shrinkage stoping

Proposed Production: 500 tpd;
36,000 oz/year estimated

Project Status: underground exploration.

Location: The property, located 40 kms southwest of Prince Rupert, British Columbia, consists of 1,500 hectares (3,700 acres) of mineral claims. Situated on tidewater, its moderate coastal climate allows for year round work.

Geology Gold mineralization occurs in sub-vertical quartz pyrite veins occupying shear and dilatent structures within a 4 km diameter sub-circular Cretaceous quartz diorite intrusion belonging to the Coast Range Batholith. Significant gold bearing veins with identical mineralogy have been located in four zones. The gold bearing structures appear to be the result of a simple shear system enhancing internal zones of weakness which permitted hydrothermal gold bearing solutions to invade the diorite.

Exploration Only the AT Zone has been drilled in enough detail to permit calculation of ore reserves (40,000 feet over 66 holes on 75 foot sections). In the AT Zone, a series of sub-vertical structures contain all of the mineable gold reserves. Two levels of accessible underground workings were developed at the site of the AT Zone where the former Surf Point Mine operated between 1932 and 1939. Three additional gold zones have been located by drilling and contain similar mineralization to the AT Zone. Cathedral has now completed 53,000 feet of surface diamond drilling over 91 holes and 690 feet of underground driving since November, 1987.

Metallurgy Past milling and metallurgical testwork demonstrate that over 95% gold recovery is achievable by simple flotation using a relatively coarse grind of 50% minus 200 mesh which produces a very marketable bulk sulphids concentrate averaging 8.0 opt Au.

1990 Program The property remains relatively unexplored and there are definite indications of additional tonnages both along strike and depth in the AT Zone and the nearby Edye, Alder and Slope Zones. The AT Zone will be further tested underground, by raising, drifting and crosscutting between levels.

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Cathedral

GOLD CORPORATION

NEWS RELEASE

TRADING SYMBOL: CAT-T
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Eric Lavarack, Director, Investor Relations

CATHEDRAL REPORTS ON THIRD QUARTER 1989 RESULTS

Cathedral Gold Corporation incurred a net loss of \$113,000 (2¢ per share) on revenues of \$412,000 for the third quarter ended September 30, 1989 compared to a net loss of \$120,000 (3¢ per share) in the corresponding 1988 quarter during which there were no gold sales revenues. For the first nine months of 1989, net loss was \$256,000 (4¢ per share) on revenues of \$1,222,000 compared to net income of \$355,000 (8¢ per share) on \$1,763,000 for the comparable nine months of 1988.


Lower U.S. dollar gold prices accompanied by a stronger Canadian dollar during the nine months resulted in a drop from CDN\$555 to CDN\$455 in prices received by the Company. Gold recoveries declined during the period as a result of reduced throughput caused by the mining out of the Burro open pit and the transition to 100% underground operations.

Gold recoveries during the quarter at the Company's 52% owned Sterling Mine totalled 1,914 ounces of gold bringing total production for the nine months to 5,296 ounces. The Company's share of production was sold at an average price of US\$372 per ounce. Total ore production for the quarter was 11,300 tons grading 0.26 opt gold bringing total ore production for the nine months to 30,700 tons grading 0.26 opt.

The Company has ample exploration funds as a result of a \$1,250,000 flow through-share financing at \$2.25 per share with CMP 1989 Resource Partnership & Company Limited. In addition, a flow-through share financing was completed with NIM & Company Limited Partnership 1989 for 120,000 shares at \$2.50 per share.

At Porcher Island, the 360 foot raise connecting the 1110 and 1015 level adits was completed in October. 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 350 foot mid-level drift will now be developed along the horizontal access of the No. 4 vein. Extensive sampling from both the raise and the mid-level drift will be carefully evaluated to establish mining grade.

Porcher Island reserves from surface to just below the 1015 level are presently estimated at 623,000 tons grading 0.20 opt gold. This calculation assumes a mining dilution of 15% with all high grade assays cut to 1.50 opt gold. Total AT Zone reserves are 1,500,000 tons grading 0.20 opt gold. The AT Zone which has been drilled along 1,000 feet of strike length and to a depth of 1,800 feet remains open for extension along strike and at depth.



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GOLD CORPORATION

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CATHEDRAL MOBILIZES FOR UNDERGROUND PROGRAM AT PORCHER

Mobilization started this week for an underground exploration and development program at Cathedral's 100% owned Porcher Island property. Mining equipment will be barged from nearby Prince Rupert and a second camp will be established at tidewater near the 1015 adit portal.

Work will include a 360 foot long raise connecting the existing 1110 and 1015 level adits and development of a 370 foot drift between these levels. The object of this program is to test the main gold bearing No. 4 vein within the AT Zone under live mining conditions. Reserves from surface to just below the 1015 level are well defined and are presently estimated at 623,000 tons grading 0.20 opt cut to 1.50 opt and an assumed mining dilution of 15%. Total AT Zone reserves, are 1,500,000 tons grading 0.20 opt gold. 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 opt gold 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 1110 adit, some 280 feet above the 1015 adit extension, from where the No. 4 vein was stoped to surface.

The program underway will take approximately 3 months to complete.

The Porcher Island project is favoured by excellent metallurgy, infrastructure, rock conditions and environmental characteristics. 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 approximately 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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NEWS RELEASE

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CATHEDRAL REPORTS ON FIRST QUARTER 1989 RESULTS AND ON METALLURGICAL TESTWORK AT PORCHER ISLAND

First Quarter Results

Operating income during the first quarter was \$50,000 on revenues of \$256,000 compared to operating income of \$211,000 on revenues of \$512,000 in the comparable 1988 quarter. Unusually high winds and freezing temperatures at the company's 52% owned Sterling Mine reduced gold production to 1,080 ounces compared to 2,871 ounces in the first quarter of 1988. Net loss was \$80,000, or 1¢ per share compared to net income of \$47,000 or 1¢ per share in the 1988 quarter.

Porcher Island

Comprehensive metallurgical tests conducted by Coastech Research Inc. of Vancouver on drill core composite samples from the Company's 100% owned Porcher Island property were completed during the quarter. The results of this test work have shown that gold recoveries of over 95% within a bulk pyrite concentrate can be achieved using a relatively coarse grind of 40-50% minus 200 mesh. Concentrate grade produced from flotation locked cycle testing was 7.87 opt gold. No smelter penalty elements were present in the concentrate. Tailings from the flotation process did not generate acid and a biological toxicity test showed that the decant solution used in the lock cycle test was not harmful to fish. These factors will contribute to environmentally positive mining conditions at Porcher Island.



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CATHEDRAL ADDS 900,000 TONS TO PORCHER ISLAND RESERVES

A recently completed deep drilling program at Cathedral's 100% owned Porcher Island property located 35 miles southwest of Prince Rupert, B.C. has confirmed the continuity and strength of AT Zone mineralization below 400 feet. All twelve widely spaced holes returned 37 mineralized intersections averaging 0.262 opt gold across 8.8 ft. This compares favourably with the 98 intersections in 52 holes above 400 feet which average 0.269 opt gold across 12.5 ft.

The Company previously reported indicated ore reserves of 623,000 tons grading 0.20 opt gold in the AT Zone above 400 feet. For this calculation all assays were cut to 1.5 opt gold and a 15% mining dilution was assumed. Cathedral has a high level of confidence in this estimate given an independent geostatistical calculation prepared for the Company by Montgomery Consultants Ltd. of 621,000 tons grading 0.32 opt gold (uncut and undiluted) in the AT Zone above 400 feet.

Cathedral has calculated inferred reserves of 900,000 tons grading 0.20 opt gold in the AT Zone below 400 feet to a depth of 1,300 feet. Total AT Zone reserves now stand at 1,523,000 tons grading 0.20 opt gold. The AT Zone remains open at depth and along strike.

From a mining viewpoint, ground conditions are excellent. A favourable topographic setting will enable several years of mining prior to any shaft sinking. The AT Zone is located 3,000 feet from tidewater, a feature which should provide many logistic advantages. The ore is metallurgically simple. During a prior period of production in 1937 and 1938, over 95% recovery was achieved with a simple flotation plant.

Preliminary economic studies suggest a potential 500 ton per day mining operation. A pre-feasibility study by Wright Engineers Limited of Vancouver is in progress. Cathedral plans to complete all preliminary work in time to reach a production decision during the second half of 1989.

At a production rate of 500 tons per day, it is anticipated that the property will produce between 30-40,000 ounces annually, a substantial addition to Cathedral's present gold production.



Pierre B. Lebel
President

The Toronto Stock Exchange has not reviewed this News Release and does not accept responsibility for the adequacy or accuracy of its content.

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PORCHER ISLAND MINERALIZATION EXTENDED AT DEPTH

The key objective of Cathedral's most recently completed drilling program at Porcher Island was to test the continuity and strength of AT Zone mineralization below 400 feet and significantly expand AT Zone ore reserves which presently average 1,550 tons per vertical foot to a depth of 400 feet.

Assay results indicate that AT Zone mineralization is persistent to a depth of at least 1,800 feet. Significant intersections, better than .10 opt over 7 feet, are tabulated below:

AT ZONE (Deep Intersections) Not included in existing ore reserves

<u>HOLE</u>	<u>EAST M.</u>	<u>NORTH M.</u>	<u>FROM (M)</u>	<u>TO (M)</u>	<u>FT</u>	<u>AU OZ/T</u>
41	4726	19135	148.10	149.02	3.0	0.258
45	4772	19142	117.25	118.80	5.1	0.205
	4772	19142	294.55	295.05	1.6	3.820
62	4725	19230	323.74	329.40	18.6	0.195
	4725	19230	384.73	387.60	9.4	0.161
	4725	19230	403.00	404.47	4.8	0.179
65	4809	19191	*			
81	4673	19206	548.05	548.75	2.3	0.302
84	4774	19236	307.80	309.00	3.9	0.668
	4774	19236	336.00	336.50	1.6	0.462
	4774	19236	349.61	351.90	7.5	0.098
	4774	19236	407.80	408.75	3.1	1.296
	4774	19236	414.40	416.00	5.2	0.649
	4774	19236	421.75	424.00	7.4	0.113
87	4605	19132	349.18	354.95	18.9	0.149
88	4828	19279	213.50	214.45	3.1	0.244
	4828	19279	345.10	345.86	2.5	0.282

AT ZONE (Strike Extensions and Undercuts) Not included in existing ore reserves

<u>HOLE</u>	<u>EAST M.</u>	<u>NORTH M.</u>	<u>FROM (M)</u>	<u>TO (M)</u>	<u>FT</u>	<u>AU OZ/T</u>
79	4900	19197	*			
80	4900	19197	60.45	61.82	4.5	0.359
82	4850	19235	96.08	98.25	7.1	0.312
83	4850	19235	23.70	26.00	7.5	0.545
85	4875	19250	50.90	52.42	5.0	0.816
86	4875	19250	*			

To date 91 holes have been drilled at the Porcher Island property which is located 35 miles southwest of Prince Rupert, B.C. At least 4 mineralized zones have been identified. Ore reserves within the AT Zone are estimated by the Company at 623,000 tons grading 0.2 opt gold (cut and diluted). These reserves are contained within a main quartz-pyrite vein striking northeast-southwest and within east-west striking offshoots.

The exploration program also included three holes drilled in the Slope Zone with the following results:


SLOPE ZONE

<u>HOLE</u>	<u>EAST M.</u>	<u>NORTH M.</u>	<u>FROM (M)</u>	<u>TO (M)</u>	<u>FT</u>	<u>AU OZ/T</u>
89	4455	18782	63.45	64.05	2.0	0.557
	4455	18782	108.20	109.04	2.8	0.292
90	4504	18760	*			
91	4605	18810	*			

* No significant mineralization

Surface exploration activities were also carried out. One grab sample along the northeast extension of the AT Zone assayed 12.63 opt gold. Other significant grab samples of up to 0.328 opt gold were collected 6,500 feet southeast of the AT Zone within the same intrusive body.

The Company has commissioned an independent project review which will be used in completing its 1989 program and budget for Porcher Island.



Pierre B. Lebel
President

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