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Houston Metals Corporation

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FOR IMMEDIATE RELEASE

WORK TO COMMENCE ON SILVER QUEEN POLYMETALLIC ORE BODY - FINANCINGS PROVIDE \$1.45 MILLION (Cdn).

Houston Metals Corporation ("Houston") is pleased to announce that work has commenced on an extensive exploration and development program for its Silver Queen polymetallic ore body. The Silver Queen property intersects an all weather highway 30 miles southwest of Houston, B.C. The orebody has strategic metal; gallium, germanium, indium and cadmium; precious metal; gold and silver; and base metal; zinc, lead and copper; values. The report dated June 24th, 1986 by W.W. Cummings, P.Eng. states the property has proven reserves to date of 557,590 tons in the #3 vein and 110,000 tons in the tailings pond. Grades range from .1-.4 oz/ton Gold, 7 oz.-30 oz. per ton Silver, 20 grams-188 grams per tonne gallium, 20 grams-128 grams per tonne germanium, .5 oz/ton-.75 oz/ton indium, with base metal medium grades 7.0% zinc, 2.5% lead, 0.5% copper. No proven tonnage on other veins or zones is calculated.

Mr. Cummings recommends a 3 stage program, the first stage to cost \$992,885 (Cdn) to be completed in 4 months with the following program objectives:

- "1. to bring as much ore into the proven or probable category as possible
2. to emphasize the precious metal potential of the ore bodies
3. to advance the metallurgical studies for the recovery of precious metals, gallium and germanium."

The program should increase the proven tonnage to ±1.4 million tons. Management infers up to 5 million tons potential for the property, indicated by deep drilling results to date.

Financing for the first stage of the project is being provided by \$1,000,000 (Cdn) from First Exploration Fund 1986 ("First Fund") by way of "flow through shares". Houston will issue to First Fund approximately 1.1 million shares at .90 cents per share and purchase 3,200 Class A preference shares of PutCo Holdings Ltd. ("PutCo") for \$320,000. The finance the PutCo share purchase, Houston received \$450,000 (Cdn) from an Underwriting of 600,000 shares at .75¢ (Cdn). The Underwriters have an option on 300,000 shares at .85¢ (Cdn), which if exercised, would provide Houston with an additional \$255,000 (Cdn).

By expending \$300,000 (Cdn) by December 31st, 1986 Houston will earn a minimum 50% interest in the Silver Queen property (other interest holders include Placer Development Ltd.).

In addition to the base and precious metal values the Silver Queen ore body appears to be unique in its high concentration of gallium and germanium. Preliminary tests indicate that gallium, germanium, gold and silver occur in the sulphides and will report to the base metal concentrate making pressure leaching of these metals feasible at the mine site or alternatively to be shipped as part of a concentrate to a smelter.

Gallium is used in the production of gallium arsenide chips which will replace silicon chips in the next generation of super computers particularly where speed (10 times faster) jamming and radiation protection is required. Gallium arsenide is also used together with alloys of germanium and indium in multi-junction photovoltaic cells to produce electricity directly from sunlight.


Germanium's primary use is in fibre optics and the manufacture of infra red lenses and is classified as a strategic metal to be stockpiled by the U.S. Government. Future demand for these strategic metals is expected to increase dramatically.

Recent articles in Time, October 6th, 1986, "And Now, the Age of Light" and Fortune, October 13th, 1986, "The High-Tech Race" detail the technological revolution now taking place spurred by increasingly sophisticated and efficient computers and super chips utilizing gallium arsenide; the burgeoning optoelectronics field yielding products such as optical fiber communication systems, where gallium and germanium are needed as raw materials.

The Information Age is here and strategic metals such as gallium, germanium and indium are needed.

HOUSTON METALS CORPORATION

Per:


J. MICHAEL MACKEY, Director