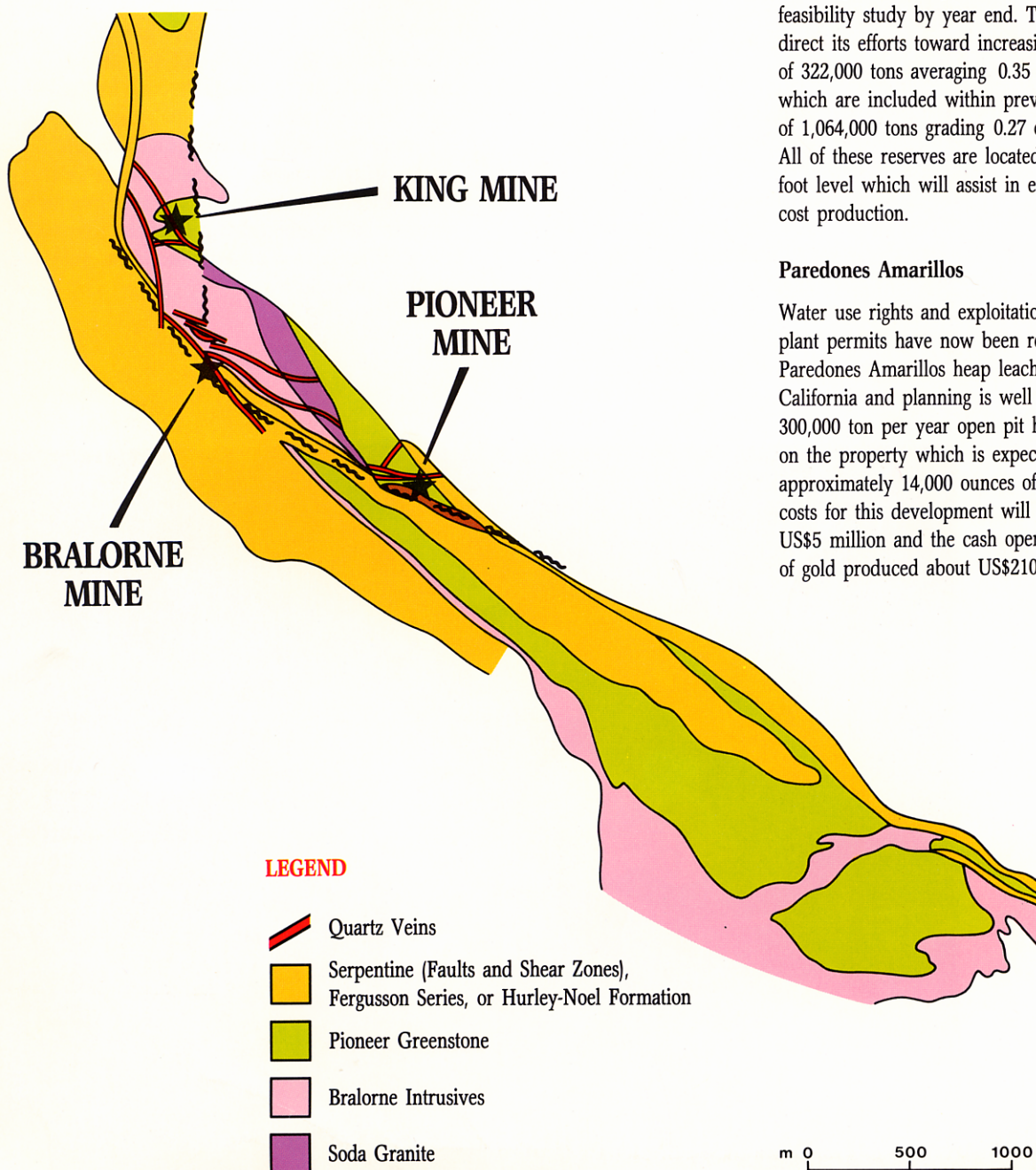




### Bralorne Regional Geology



### Bralorne

**881355**

Earlier in the year, the Imperial Group increased its interest in the Bralorne mine to 42.46% through a joint purchase with Mascot Gold Mines Limited of the interest previously held by Bralorne Resources Ltd. Imperial now holds a 24.94% interest in this project.

It is expected that the \$3,100,000 underground rehabilitation and diamond drilling program scheduled for completion this year will lead to a positive feasibility study by year end. The joint venture will direct its efforts toward increasing high grade reserves of 322,000 tons averaging 0.35 ounces of gold per ton which are included within previously defined reserves of 1,064,000 tons grading 0.27 ounces of gold per ton. All of these reserves are located above the 1,000 foot level which will assist in establishing lower cost production.

### Paredones Amarillos

Water use rights and exploitation and water treatment plant permits have now been received for the Paredones Amarillos heap leach gold property in Baja California and planning is well underway for a 300,000 ton per year open pit heap leach operation on the property which is expected to yield approximately 14,000 ounces of gold per year. Capital costs for this development will be in the order of US\$5 million and the cash operating cost of gold produced about US\$210 per ounce.

*Imperial Metals 1988 Ann. Rpt.*



## BASE METALS

While a great deal of emphasis has been placed on gold exploration in recent years, industry experts agree that far too little attention has been paid to base metals with the result that base metal reserves are declining worldwide. This, coupled with inventory reductions in the face of steady demand, was largely the cause of the dramatic price increases witnessed during the year. The company believes that the stage has been set for strong base metal prices well into the 1990's. In response, it has devoted considerable resources to the aggressive development of its base metal properties.

### Parys Mountain

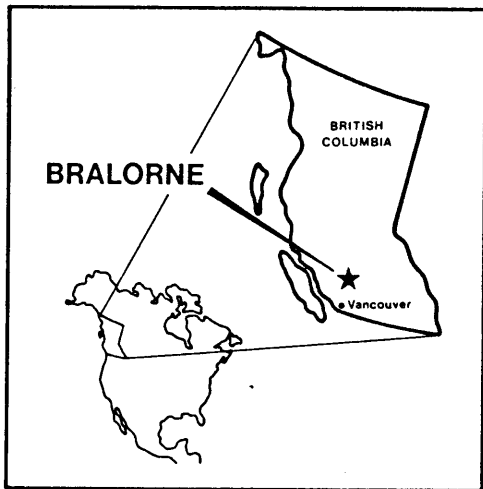
The centerpiece of the Company's base metal holdings is the Parys Mountain polymetallic property located in North Wales. Imperial holds a beneficial 37.8% interest in this property through Anglesey Mining plc, a London listed public company which recently completed a £5,600,000 financing under Imperial's aegis. These funds, which were raised by Kleinwort Grieveson Securities Limited, will be used to complete Phase I of a two phase mine development program at Parys Mountain.

Robertson Research International Limited have estimated the mineable reserves at Parys Mountain at 5,284,000 short tons grading 1.49% copper, 3.03% lead, 6.04% zinc, 2.02 oz/ton silver and 0.013 oz/ton of gold.

Phase I will consist of sinking a shaft and driving lateral development work to investigate the mineralized zones at several locations and taking a bulk sample to be used for detailed metallurgical testing. The lateral development will also provide access to drilling stations from which the mineralized zones can be intersected at regular intervals to permit final definition. The detailed drilling is designed to confirm grade and to provide the basis for detailed mine design, planning and scheduling to ensure that the mineralized zones can be exploited efficiently. Shaft sinking is scheduled to commence in October 1988. Phase I will require approximately two years to complete and is expected to confirm the potential for profitable mining and mineral concentrate production at Parys Mountain.



## BRALORNE



During the third quarter, Cathedral purchased a 32.46% interest in the Bralorne gold property from the Imperial Metals Corporation group. Corona Corporation, which holds a 57.54% interest, is the operator.

The Bralorne property, located 100 miles north of Vancouver, covers over 4,000 acres and includes the former Bralorne, King and Pioneer Mines. From the early 1900's to 1971, Bralorne produced 4,100,000 ounces of gold from 8,000,000 tons of ore.

Proven and probable reserves above the 2600 levels total 919,000 tons grading 0.26 opt gold. Possible reserves are 145,000 tons grading 0.32 opt gold.

During the year, the joint venture completed a \$3,100,000 shaft rehabilitation and underground exploration program which included underground mapping and sampling on the 400 foot and 800 foot levels; 31 underground diamond drill holes; 1,089 feet of drifting on the 400 foot and 800 foot levels and 19,000 feet of surface drilling.

## TAKLA RAINBOW

In 1988, Cathedral optioned a 49% interest in the Takla Rainbow property to Takla Gold Mines Limited and Reymont Gold Mines Limited who can exercise the option by funding all exploration and other work required to complete a positive mining feasibility study. Upon expenditures of \$6,000,000 Takla and Reymont may elect to convene a joint venture holding 40% to Cathedral's 60%.

During the year, 24,000 feet of surface diamond drilling were completed at a cost of \$1,000,000. Although results of this program were not sufficiently encouraging to initiate underground exploration, a \$375,000 program consisting of geophysical surveys, trenching and diamond drilling is proposed for 1989.

Since 1985, 75 holes totalling 49,000 feet have been completed to test three zones of which the South Zone has shown the best continuity. The potential for new discoveries in this zone is excellent, both along strike and at depth.

