

# Cathedral

## GOLD CORPORATION

881487

### NEWS RELEASE

TRADING SYMBOL: CAT-T  
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### FOLLOW-UP DRILLING AT BRONSON CREEK RETURNS SIGNIFICANT ASSAYS

Assay results from the extended drilling program at the Bronson Creek property located in the Iskut River area of northwestern British Columbia have now been received. A total of 14 drill holes totalling 7,215 feet were completed. Eleven of these holes were drilled on the S Zone to follow up on very encouraging results from earlier drilling during the field season.

#### S ZONE Extended Program Assay Results

<u>HOLE #</u>	<u>AZ</u>	<u>DIP</u>	<u>LENGTH (ft)</u>	<u>FROM</u>	<u>TO</u>	<u>FT</u>	<u>Au oz/t</u>
13	050°	45°	328	117.1	121.7	4.6	0.126
14	050°	60°	298	236.9	239.2	2.3	0.037
15	050°	45°	447	177.8	182.6	4.8	0.241
16	050°	60°	541	264.1	277.6	13.5	0.116
17	050°	45°	507	189.3	196.9	7.6	0.178
18	050°	60°	500	253.3	266.4	13.1	0.310
				278.5	280.5	2.0	0.604
21	050°	45	547	35.8	38.1	2.3	0.154
22	050°	60°	475	336.0	337.9	1.9	0.023
23	050°	45°	450	432.1	439.3	8.0	0.125
24	050°	60°	767	155.2	161.7	6.5	0.087
25	050°	50°	837	485.6	490.2	4.6	0.965

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Geophysical targets outside S Zone:

19	055°	45°	647	194.2	196.5	2.3	0.014
				208.0	209.3	1.3	0.026
				474.7	475.7	1.0	0.018
20	055°	60°	637	No significant values			
26	030°	45°	234	Abandoned in overburden			

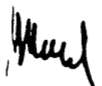
The S Zone has now been tested by 16 holes over a strike length exceeding 1,000 feet. It remains open along strike and at depth. Geochemical and geophysical testwork indicates a significant additional length yet to be tested and demonstrates the presence of persistent gold mineralization across varying widths, including intersections felt to be of commercial width and grade. The best of these to date measured 15 feet and averaged 0.46 opt/gold (previously announced).

Exploration work at Bronson and at adjoining properties has confirmed the presence of a through-going mineralized trend - the Bronson Trend extending NW-SE across the Snip, Bronson, Inel and Pelican properties. This trend is believed to encompass gold mineralization along a 10 mile strike. On Cathedral's Bronson Property, geochemical and geophysical surveys, prospecting and diamond drilling have confirmed two mineralized structures referred to as the S and T Zones. These zones are 300 feet apart, strike NW-SE, are steeply dipping and host quartz mineralized with gold, pyrite, pyrrhotite, sphalerite and chalcopyrite.

The T Zone has also demonstrated a continuous mineralized trend, although with lower grade gold intersections to date.

The Bronson Creek property covers 4,400 acres and borders the east side of Skyline's Johnny Mountain Gold Mine and the southwest side of the Inel property currently undergoing underground exploration. Cathedral and two Imperial Metals Corporation Limited Partnerships, Geomex 2 and Geomex 10, hold an option to earn a 60% interest in the Bronson Creek property, (Cathedral with 30%, Geomex 2 and 10 each with 15%). The remaining 40% is held by Ecstall Mining Corporation.

The combination of ore grade gold mineralization, a strong through-going structure known to contain reserves on neighbouring properties and a large untested area on the property is regarded as highly encouraging at this stage of exploration. Cathedral looks forward to renewed activity on the property in 1990 to investigate the undrilled portions of the demonstrated zones and attempt to develop an initial reserve picture.

  
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Pierre B. Lebel  
President

## CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	1989	1988	1989	1988
<b>REVENUE</b>				
Gold sales revenue	\$ 553,429	\$ 1,215,018	\$ 809,525	\$ 1,706,460
Gain on gold futures contracts	–	35,748	–	56,774
	553,429	1,250,766	809,525	1,763,234
<b>EXPENSES</b>				
Operating costs	374,194	303,967	537,873	534,308
Production royalty	9,091	24,972	13,877	34,162
Depletion and depreciation	82,326	161,014	119,569	223,241
	465,611	489,953	671,319	791,711
<b>OPERATING INCOME</b>	87,818	760,813	138,206	971,523
Other Expenses (Income)				
General and administration expenses	104,374	158,140	251,705	302,906
Interest income	(15,226)	(35,509)	(19,765)	(64,487)
Foreign exchange and other expenses	1,064	41,178	2,101	68,829
	90,212	163,809	234,041	307,248
(Loss) Income Before Income Taxes	(2,394)	597,004	(95,835)	664,275
Income Taxes	60,203	168,700	47,203	189,000
<b>NET (LOSS) INCOME</b>	\$ (62,597)	\$ 428,304	\$ (143,038)	\$ 475,275
(Loss) Earnings Per Common Share	\$ (0.01)	\$ 0.10	\$ (0.02)	\$ 0.11

(Unaudited - Prepared by Management)

## *Cathedral* GOLD CORPORATION

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# *Cathedral* GOLD CORPORATION

JAN 17 1990

2nd Quarter Report  
June 30, 1989

## TO OUR SHAREHOLDERS

### STERLING

During the second quarter, 2,397 ounces of gold were recovered at Cathedral's 52% owned Sterling Mine raising production for the first six months to 3,378 ounces. The Company's share of production was sold at an average price of US\$373 per ounce. During the quarter, ore was mined from the Burro Pit which produced 9,337 tons grading 0.21 opt while 3,305 tons grading 0.25 opt gold were mined from underground. Total ore production for the first six months was 19,382 tons grading 0.26 opt, in line with the 1989 mine plan which calls for the recovery of 10,000 ounces. Work continued on ore access ramps to the 3800 and 3700 levels. In August, the ore body was intersected and stoping operations were commenced on the 3800 level.

### PORCHER ISLAND

Planning work continued during the quarter on an underground development program at the Company's 100% owned Porcher Island property. A contract for this operation has been awarded to Vicore Mining Developments Ltd. Mobilization will take place in early September. Work will include a 360 foot long raise connecting the existing 1110 and 1015 mining levels. A 370 foot drift will then be developed between these two levels. The object of this program is to test the main gold bearing vein in the AT Zone under live mining conditions. Reserves above the 1000 level are well defined at 623,000 tons grading 0.20 opt cut to 1.50 opt and diluted 15%. Although the Company has reported AT Zone reserves of 1,500,000 tons grading 0.20 opt gold, total AT Zone reserves are open for expansion.

### BRONSON CREEK

Mobilization for a \$350,000 surface exploration program at Bronson, located in the Iskut River gold camp, commenced shortly after the end of the quarter. Work will include 4,500 feet of diamond drilling. Drilling will be concentrated in an area where surface samples collected in 1988 yielded gold values of up to 0.50 opt.

### FINANCIAL


The Company entered into a \$1,250,000 flow-through share financing agreement with the CMP Group. 555,555 shares at \$2.25 per share will be issued to CMP 1989 Resource Partnership & Company Limited.

Net loss for the quarter ended June 30, 1989 was \$63,000 or 1¢ per share on revenues of \$553,000 compared to a net income of \$428,000 or 10¢ per share in the second quarter of 1988. For the first six months of 1989, net loss was \$143,000 or 2¢ per share compared to net income of \$475,000 or 11¢ per share for the comparable first half of 1988.

The loss for the six month period is principally attributable to falling gold prices and a stronger Canadian dollar which reduced the Canadian dollar gold price received by 20%. In addition, gold recoveries were delayed during the first quarter due to inclement weather.



Hugh C. Morris  
CHAIRMAN



Pierre B. Lebel  
PRESIDENT

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended June 30,		Six Months Ended June 30,	
	1989	1988	1989	1988
<b>OPERATING ACTIVITIES</b>				
Operations				
Net (loss) income	\$ (62,597)	\$ 428,304	\$ (143,038)	\$ 475,275
Items not affecting cash flows				
Depletion and depreciation	82,326	161,014	119,569	223,241
Deferred income taxes	(9,000)	63,000	(22,000)	76,000
	10,729	652,318	(45,469)	774,516
Net change in non-cash operating working capital balances	110,186	764,086	239,175	266,935
Cash provided by operating activities	120,915	1,416,404	193,706	1,041,451
<b>FINANCING ACTIVITIES</b>				
Issue of share capital	—	—	1,312,135	585,000
Premium from flow-through financings	—	—	236,782	292,500
Net change in non-cash financing working capital balances	—	—	(1,548,917)	—
Cash provided by financing activities	—	—	—	877,500
<b>CASH PROVIDED BY OPERATING AND FINANCING ACTIVITIES</b>	<b>120,915</b>	<b>1,416,404</b>	<b>193,706</b>	<b>1,918,951</b>
<b>INVESTMENT ACTIVITIES</b>				
Additions to producing mining property, plant and equipment	85,405	125,685	194,231	133,967
Mineral exploration expenditures	95,617	639,817	454,575	1,283,733
Cash used in investment activities	181,022	765,502	648,806	1,417,700
(DECREASE) INCREASE IN CASH	(60,107)	650,902	(455,100)	501,251
CASH, BEGINNING OF PERIOD	172,836	1,661,594	567,829	1,811,245
CASH, END OF PERIOD	\$ 112,729	\$ 2,312,496	\$ 112,729	\$ 2,312,496

(Unaudited - Prepared by Management)