

MEG LUNCH & TALK

886440

TITLE: PORCHER ISLAND PROPERTY

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**BRIEF
SUMMARY:**

The Porcher Island gold property, 100% owned and operated by Cathedral Gold Corporation, consists of 1,500 hectares of mineral claims located 40 km southwest of Prince Rupert, British Columbia. The property is situated on tidewater and with a moderate coastal climate is readily accessible to year round work. Two levels of accessible underground workings exist: the 1015m exploration level which extends for 1 km and ends in the AT zone, and the 1110m level, the surface site of AT zone, and formerly called the Surf Point mine which operated from 1932 - 1939 and produced 77,952 tons grading 0.29 oz/t Au. Mining was carried out by stoping to surface from the 1110m level. Cathedral Gold has now completed 16,100m of surface diamond drilling in 91 holes since November 1987 with the focus on the AT zone between and below levels.

Gold mineralization occurs in quartz-pyrite veins occupying shear and dilatant structures within a 4 km diameter subcircular Cretaceous age quartz diorite intrusion, which is part of the Coast Range Batholith. Significant gold bearing veins with identical mineralogy have been drill located in four zones of which only the AT zone has been drilled in sufficient detail (12,200m in 66 holes on 25m sections) to enable ore reserve calculations. In the AT zone, 15 parallel, east-west to 60° trending subvertical structures contain all of the mineable gold reserves. Gold reserves above the 1000m level calculated by Cathedral in October 1988 stood at 623,000 tons of 0.20 oz/t Au (cut to 1.5 oz/t Au, diluted 15%) with an average mining width of 3.35m. A subsequent drilling program to test the area below the calculated reserve block returned significant gold values in all holes.

Significant Drill Intersections by Level

<u>Total or Average</u>	<u>Number of Intercepts</u>	<u>Width (ft)</u>	<u>Average extended to 7 feet) oz/t Au</u>
Above 1100m	31	11.7	0.199
1000m-1100m	77	12.3	0.307
900m-1000m	14	8.9	0.196
800m-900m	7	10.4	0.240
Sub 800m	6	7.5	0.253
Total or Average	135	11.5	0.268

This demonstrates with good confidence an additional 900,000 tons of potential ore at similar grades and thicknesses.

The origin of the gold bearing veins appears to be the result of a simple shear system enhancing internal zones of weakness which permitted hydrothermal gold-bearing solutions to invade the diorite. Assays up to 50 oz/t Au have been recorded in the past and gold is found exclusively and sub-microscopically within the pyrite. Past metallurgical and milling tests show a 94% recovery by simple flotation to produce an average 8 oz/t Au concentrate, with the host diorite demonstrating excellent ground conditions. No major environmental problems are anticipated.

While the AT zone is presently in a pre-feasibility stage, property exploration elsewhere is still in the early stages and there are definite indications of additional tonnages to supplement the present reserve of 1,500,000 tons of 0.20 oz/t Au. The favourable logistics and infrastructure provide support for the Porcher Island property becoming a viable mining operation in the near future.

DATE: WEDNESDAY, FEBRUARY 15, 1989

TIME: 12:00 NOON

PLACE: REGAL BALLROOM, HOTEL GEORGIA

COST: \$15 AT DOOR

PORCHER ISLAND.

Feb. 15/89.

Cathy Lund.

- access currently by boat, float plane + helicopter.
- 1988 - environmental studies - no problems. - environmentally safe.
- hydro power supply to island in Oct '89 from Prince Rupert - will be within 20 mi/km? of camp - will determine then if most feasible to use BC hydro or other alternative.
- discovery of Surf Point in 1916 (present AT zone)

'87 - Cathedral Gold Corp.

- drilling on AT zone with good results.
- 53,000' of drilling over 93 holes, 75% concentrated on AT zone.
- also did IP, VLF, mag + geochem.

^ other deposits in area - Cinola, Banks Island, Surf Inlet (most similar)

Property Geology:

basement rx - greenschist to schist (hb/dlnite schist).

- intrusives - diorite to granodiorite - subcircular quartz diorite plug (4 km diam.) zoned with qz diorite core, rim? diorite?
- cut by E-W 45° dipping porphyry andesitic dikes.
- also cut by E-W 60° dipping qz-py veins.

- mineralization - py with trace cp.

1-6m wide veins.

flanking alt'n + silicification.

- steeply dipping shear zones in contact of 2 phases (intrus.?)
- another set of dykes cutting py-qz veins - similar mineralogy.

STRUCTURE - 2 linear NE-trending shear zones

~~60-75°~~

H Zones on property - AT Zone, Slope Zone (new - this part fall), Edge + Alder.

- all drilled but focus has been on AT zone.

- gold grades ^{seems to} improve with coarseness of py (on No. 11 vein - part produced)
- most veins vertical / sub vertical. - very competent although in shear zone.
- jointing - off shear - continues py with anomalous gold
- outside of AT zone - untested pot'l "Edge" shear - 4km length of shear, 3 opt.
- pot'l of untested lower grade zones - stats indicate good potential (not taken into acct in reserves)
- mineralization along zones of weakness.
- brittle rxn of rock to intrusion of diorite, simple shear, resulting in E-W dilatational zones.

mining plans:

- spiral ramp decline
- 2 compartment shaft (one deeper)
- excellent ore recovery,
- near vertical + competent rock / veins.
- no free gold. - all tied up with pyrite - although metallurgically simple ~ 95% recovery
- gd infrastructure, access.
- gd reserves + still open.
- 1989 - plan \$1.5m program

- lot of info re: history, reserves... all handout - these notes are just a complement to abstract.