

George Cross News Letter

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CATHEDRAL GOLD CORPORATION

IMPERIAL METALS CORPORATION(IPM-V,T)

GOLD AFFILIATE COMPANY - Cathedral Gold Corporation is TO SEEK PUBLIC FUNDING the name of a recently

incorporated, affiliated company of Imperial Metals Corporation. Cathedral will hold: 52% interest in the Sterling Mine, Nevada, a heap leach mine producing 12,000 ounces of gold per year; five advanced gold exploration projects and ten gold exploration projects in B.C. and Ontario.

The company has filed a prospectus for an initial public offering of 400,000 shares at \$3.00 per share for proceeds of \$1,200,000, underwritten by Alfred Bunting & Co.Ltd. Broker information meetings have been scheduled for Edmonton July 16, Vancouver July 20 and Toronto July 22,1987. This issue will be followed by a 500,000 flow-through share private placement at \$4.50 to provide \$2,250,000, sold to MVP Capital. Cathedral has issued 3,188,533 shares in acquisition of the various properties and granted various options on 500,000 shares. There will be 4,595,533 shares issued on a fully diluted basis upon completion of the underwriting and flow-through private placement. A listing for the shares will be sought only on the Toronto Stock Exchange.

Cathedral will focus on exploration, both at Sterling, where the indications are that reserves can be tripled and production doubled, and on its Canadian advanced exploration and grassroot projects. The Sterling, with reserves of 259,000 tons grading 0.209 oz.gold/t, plus the five advanced exploration projects are felt to contain a total of 265,000 recoverable ounces of gold. These gold content calculations are on a conservative and preliminary basis. They are expected to be increased with current and ongoing exploration.

Dr.Hugh Morris, chairman of both Imperial and Cathedral, stated that Imperial will increase its property interest from the present 20% to 23% in the issued shares of Cathedral. The big advantage to Imperial is that none of the properties in the Cathedral package were receiving any recognition from the market because the interests were broken up and held by various entities. Imperial has significantly increased its interest in the Sterling from 2.25% to 12% via its ownership of Cathedral. Increasing Sterling profits will be reflected on the Imperial financial statements through equity accounting.

The Sterling mine started production in 1981 after a capital investment of \$1,250,000 to operate at 200 tons per day from underground. Owing to the diverse ownership and cash flow restraints, the property has not been fully explored. Company geologists feel that the planned \$750,000 exploration may increase reserves to the 600,000-ton range and production to 500 tons per day, between 25,000 to 30,000 ounces gold per year in a short period. Company forecasts indicate a net income of \$589,000, or 14¢ per fully diluted share in the six months ending Dec.31,1987. For the full 1988 year, net income of \$699,000 or 18¢ per share is forecast.

Each of the five advanced Canadian gold exploration projects has mineable grade gold values which require exploration to determine the extent of the targets and to reach a production threshold.

Directors of Cathedral are: Dr.H.C.Morris, chairman; Pierre B.Lebel, president; Ian M.T.McAvity, T.R.Kennedy, Dr.K.P.Geib, and G.A.James Devonshire.

MASCOT GOLD MINES LIMITED(MSG-V,T)

GOLDEN NORTH RESOURCE CORPORATION(GNO-V,T)

INTEREST ACQUIRED - Golden North Resources and Mascot IN HEDLEY PACIFIC Gold Mines have agreed to buy 650,000 shares, 325,000 shares each, of HEDLEY PACIFIC MINING CORP.LTD.(HED-V) representing effective control, for a total of \$215,000. The purchase represents 37% of the 1,767,000 shares of Hedley Pacific now issued. Hedley Pacific currently has about \$220,000 working capital with which to continue exploration of its three Crown granted claims on Nickel Plate mountain bordering the Mascot Gold mine, now in production, on the west and by Golden North property on the east, at Hedley, B.C. Recent trenching on the Hedley Pacific has given encouraging results. New directors of Hedley Pacific are: Henry G.Ewanchuck, president Mascot Gold; John S.Godfrey, president Golden North; Peter Steen, president Royex; Paul F.Saxton, vice president Mascot Gold and W.E.Grafham, director Mascot Gold.

TENAJON SILVER CORP.

TWO PROJECTS REVIEWED - Tenajon Silver Corp. has filed an offering of 400,000 shares plus 400,000 flow-through shares to net \$629,000 for exploration of two properties.

The Silver-Butte property located 15 miles northwest of Stewart, B.C. less than one mile south of Westmin's Big Missouri property and three miles north of the Silbak property, will be subject to a 10,000-foot, 15-hole surface diamond drilling program. The fill-in drilling, 50 metres apart, will test the continuity of the mineralized structure. In 1986, every hole of a four-hole program encountered at least two intersections. Hole 86-2 produced six intercepts, one of 12 feet grading 0.271 oz/ton gold and 0.85 oz/ton silver, and another of 13 feet grading 0.238 oz/ton gold and 1.59 oz/ton silver. Previous work by joint venture partner Esso Minerals Canada returned a 25.6-foot section averaging 0.79 oz/ton gold and 2.62 oz/ton silver. Tenajon has an option to acquire a 50% working interest in this property.

The Balmer-Tenajon property, located 9 km east of Balmertown in northwestern Ontario, near the producing Campbell Red Lake and Dickenson mines, will be subject to an 850 m cross-sectional drilling program in 1987. The drilling will test electromagnetic anomalies.

The property is held in 50-50 joint venture with Carmac Resources Ltd. After completion of the \$110,000 1987 program, Tenajon's interest will increase to 55.5%.

Tenajon's joint venture with Suneva Resources on the Adams Lake property in B.C. has been optioned to BP Resources' Selco Division which has completed geophysical and geochemical surveys and is now diamond drilling. The property is located west of Rea Gold which has recently reported high grade silver returns from drilling.

NATIONAL RESOURCE EXPLORATION LTD. (NRE-V,T)

ADDITIONAL ADAMS LAKE CLAIMS ACQUIRED - National Resource Exploration Ltd. has acquired an option to buy a 100% working interest, subject to a 15% net profits carried interest, in 9 White Rock claims within the boundaries of the 100% owned Biere claim in the Shuswap area of B.C. These claims are on the same contact and to the northeast of the Rea Gold-Minnova project. (SEE MAP OVERLEAF)

Initial assays from samples from the claims range from 11 to 18 oz. silver/ton with gold and base metals assays to come. Line cutting, mapping and geophysics to be followed by diamond drilling are underway. Purchase price is \$10,000 down payment and \$20,000 per year. At any anniversary date National Resources can acquire 100% interest by payment of a total of \$150,000.

National Resources has a 37 1/2% working interest in a recently completed well at Rochester, Alberta which tested 2,000,000 cubic feet in the Viking zone and 500,000 cubic feet of gas in the Basal Quartz zone. Two additional wells will be drilled at Evehill and two wells at Medicine Hat this summer.

PROPHECY DEVELOPMENTS LTD. (PPY-V)

EXPLORATION STARTED ON - E.O. Chrisholm, a director, TWO PROPERTIES IN B.C. reports that Prophecy Developments Ltd. is exploring two properties in B.C. - the PT-1 claim in the Harrison-Hope area adjacent to Mascot Gold's Giant Nickel copper-nickel mine, and the Adola claim at Matchlee Bay near Gold River, Vancouver Island.

Mr. Chisholm says several groups are currently exploring for platinum in the PT project area. Prophecy's first goal is to locate platinum group elements in association with copper-nickel mineralization, delineated by mapping, sampling and airborne surveys.

On the Adola gold-silver prospect, exploration started last week, consisting of line cutting, geochemical sampling and VLF and magnetometer surveys. Extensive sampling of the old workings obtained grab samples in excess of 7 oz./ton gold and 23 oz./ton silver. Further work is planned for trenching, road construction and diamond drilling.

WESTRON VENTURES LTD. (WVL-V)

INTERVAL	FOOTAGE	VALUES	FIRST ASSAYS REPORTED FROM CURRENT DRILLING
105-110 ft.	5	3.4% zinc minor silver	Michael Gerg, president, reports that results from reverse circulation drill holes 10, 11 and 12 of the Siwash silver property northeast of Prince- ton, B.C., have been received. Results of assays of mineralization in Hole 11 are shown in the table. Holes 10 and 12 had no significant mineralization. Holes 13, 14, 15 are in for assay. Results should be available about 24 July 87.
150-155	5	1.4% zinc	
175-185	10	2.9% zinc	
385-425	40	0.5 oz. silver/t 0.032 oz. gold/t	
includes	20	0.05 oz. gold/t	
includes	5	0.07 oz. gold/t	

CANOVA RESOURCES LTD. (CVD-V)

HIGH GRADE GOLD SILVER - Canova Resources Ltd. has
PROPERTY OPTIONED acquired an option to earn 100%
interest in 10 claims at the
northern end of Okanagan Lake near Vernon, B.C. by com-
pleting \$175,000 in exploration and issuing up to
200,000 common shares. The claims are subject to a 4%
net smelter return. The agreement is subject to
regulatory approval.

The property was discovered in 1923 when a hand
cobbed shipment reportedly ran 1 ounce per ton gold and
41 ounces per ton silver. More recent assays from
selected samples have returned assays over 7 ounces per
ton gold and 2100 ounces per ton silver.

The mineralization is contained in quartz vein
material containing pods and disseminations of galena,
freibergite and argentite. Visible gold has been found
in drusy quartz in the same vein system. The main vein
has been traced over 200 feet in strike length and
varies in width up to 7 feet. A second vein has been
located and initial interpretation suggests the
possibility of an echelon of mineralized quartz veins.

An exploration program of geological mapping,
trenching, drifting from an existing adit, investigation
of nearby geochemical anomalies and diamond drilling is
planned for the 1987 season. Funding of this exploration
program will be provided by a flow-through private
placement currently being negotiated.

ANGLE RESOURCES LTD. (AGU-V)

NEXUS RESOURCES CORPORATION (NXS-V)

THIRD DRILL IS ADDED ON GOLD - Leon E. Nowek, secretary
PROPERTY ON VANCOUVER ISLAND of Nexus Resource
Corporation and Angle
Resources Ltd., reports that a third drill has been
added to the Debbie property near Port Alberni on
Vancouver Island, B.C. The property is owned as to 50%
by Westmin Resources Limited, the operator, 25% by Nexus
and 25% by Angle.

The 1987 program, estimated to cost \$2,200,000,
will include about 50,000 feet of drilling, focusing on
3 zones outlined by previous drilling. These zones in-
clude the 900 Zone where last season's drilling inter-
sected 44.3 feet grading 1.137 oz.gold/t, the Mineral
Creek Zone which returned 13.7 feet of 0.246 oz.gold/t
and the Linda Zone which returned 9.8 feet of 0.578
oz.gold/t.

K-2 RESOURCES INC. (KTR-V)

DRILL PROGRESS NEAR - K-2 Resources Inc. completed 2600
REVELSTOKE REPORTED feet of surface diamond drilling
covering 9 exploration zones at
their K-2/Camborne Camp property near Revelstoke, B.C.,
in June. At least 2 holes will require follow-up
drilling with 2 more zones requiring further drilling,
depending on assay results.

Underground diamond drilling started on July 7 with
a view to adding to the existing reserve of No.4 vein.

Hole 87-U1 cut what is believed to be the 4A vein
zone in the hanging wall of No.4 vein at a depth of 128
feet and continuing intermittently to 135 feet. The
veining indicates good mineralization and is in for
assay. A 4-foot vein, intersected from 142 to 146 feet
carries substantial sphalerite, galena and pyrites and
appears to be a significant intersection. The core is
being split for assay. Hole 87-U1 will continue to a
planned depth of 300 feet to intercept its primary
target, No.4 vein, below the 10 level.

Seven more underground holes, to a depth of 300 to
400 feet, will complete the first underground phase.
Deeper drilling may possibly be called for after
evaluation of Phase I results.