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George Cross News Letter

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CATHEDRAL GOLD CORPORATION

[CAT-T] 13,260,463 SHS.

TENBY DEVELOPMENTS LTD.

[TBE-V] 1,778,413 SHS.

PORCHER ISLAND FARMED OUT - R. Michael Jones, president.
 reports Cathedral Gold Corp.

has entered an agreement for Tenby Developments Ltd. to acquire a 65% interest in the Porcher Island gold property, coastal BC, by paying \$175,000 and spending \$2,000,000 on exploration by 30Sept99. A total of \$500,000 of this work must be done during the first 15 months and within 27 months \$1,250,000 must be spent. At the time Tenby earns its 65% interest, Cathedral may opt to participate as to 35% in future exploration or transfer its 35% interest to Tenby for consideration of a 10% net profits royalty and a \$2,000,000 advance royalty payment prior to production.

To fund exploration on the property, Tenby entered a brokered private placement agreement with McDermid St. Lawrence Chisholm Ltd. to place up to 1,800,000 units at 45¢ per unit. In addition, Tenby arranged a non-brokered private placement of 200,000 identical units. Proceeds of \$900,000 from the private placements (assuming the brokered portion of fully subscribed) will be placed in a reserve for the Porcher Island gold project.

The project consists of Crown granted and located claims comprising some 16 square km extending from tide water and covering all areas of known mineralization in the vicinity. It is located on the northwest side of Porcher Island about 40 km southwest of Prince Rupert and offers easy access by barge or float equipped aircraft. The property has a year round working season. SEE LOCATION MAP OVERLEAF P.1.

Gold mineralization occurs within quartz-pyrite veins occupying shear and dilatant (enlarged rock porosity) postructures within a four-km diameter subcircular quartz diorite intrusion. A number of gold-bearing zones are known to occur on the property. Four of these received some drilling during the period 1979 through 1988 with mineralization of potential ore tenor intersected on all four. Of these zones, one, the AT Zone received sufficient drilling and underground development to permit preliminary reserve calculation. The AT Zone consists of a large number of semi-parallel veins contained within a zone some 100 to 150 metres in width. The zone strike to the northwest with a near vertical dip. Sixty-six drill holes in this zone returned 135 significant intercepts as tabulated below. In addition, underground development on two levels and raises have returned bulk sample values.

To date, the zone has been developed over a 275-metre strike length with drilling to a depth of 350 metres. This drilling has not closed off the deposit in either strike direction or at depth.

SIGNIFICANT DRILL INTERSECTIONS BY LEVEL

LEVEL	NO. OF INTERCEPTS	AVG. WIDTH FEET	AVG. GRADE (EXTENDED TO 7 FT. MIN. WIDTH)	
			FT. MIN. WIDTH	OZ/T GOLD
Above 1100m	31	11.7		0.199
1000 - 1100m	77	12.3		.307
900 - 1000m	14	8.9		.196
800 - 900m	7	10.4		.240
SUB 800m	6	7.5		.253
TOTAL OR AVG.	135	11.5		.268

The main haulage level for the deposit is at 1,015 elevation.

consequently reserves have been presented as those above the 1,000 level and those below.

Reserves Indicated by 124 intercepts and underground development above 1,000 level. - 630,000 tons at 0.20 oz.gold/ton (cut to 1.5 oz/ton, diluted 15%) with an average mining width of 3.35 metres (11 ft.). Inferred by 27 intercepts below 1,000 level.- 900,000 tons at similar grade and widths. Total Indicated and Inferred Reserves - 1,530,000 tons at 0.2 oz.gold/ton with average mining width of 3.35 metres (11 ft.) or 300,000 ounces of gold.

Tenby plans to continue exploration along with a drill program to extend the AT Zone's strike length. Metallurgy is simple with testing showing 94% recovery in a gravity and flotation concentrator.

In another development, Cathedral Gold has granted Cordex Exploration Co. an option to earn 65% of its 100% interest in the 75 North property in the Battle Mountain Trend, Nevada. The North property covers 2,100 acres and adjoins the Atlas Goldbar Mine property. Under the terms, Cordex can earn its interest by completing exploration of US \$550,000 and making cash payments to Cathedral of US \$85,000 over four years with US \$100,000 in exploration in the first year. A drilling program is planned by Cordex within 90 days.

Surface geochemistry and prospecting on the 75 North Property has identified two areas where surface grab samples assayed 0.100 and 0.142 oz.gold/ton. The 75 North Property lies along the Battle Mountain Trend between the Homestake Ruby Hill deposit and the Placer Dome Pipeline deposit. (SEE GCNL NO.124, 26Jun96, P.2 FOR STERLING MINE, NEVADA, INFORMATION)

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